2011
Annual Report

Home content sharing

Whole home HDPVR

5,000+ titles, 1200+ in HD

Community Wi-Fi zones

What does SHAW mean to you?

250 Mbps download speed

Record 6 HD programs & playback 5

Voicemail to email

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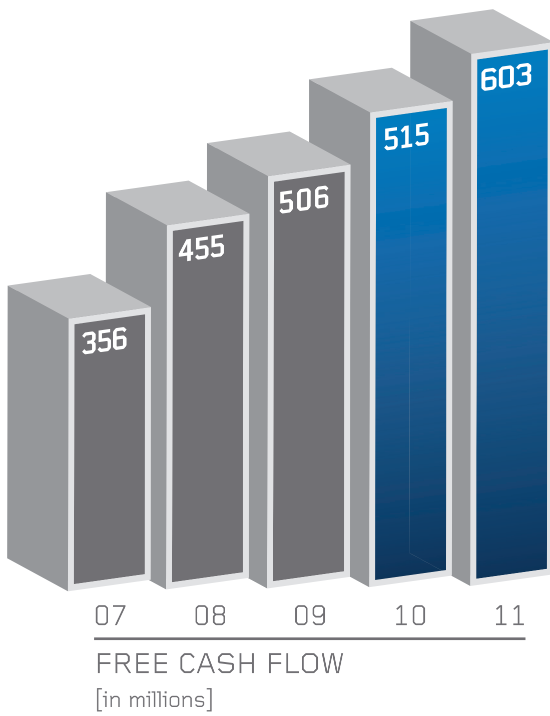
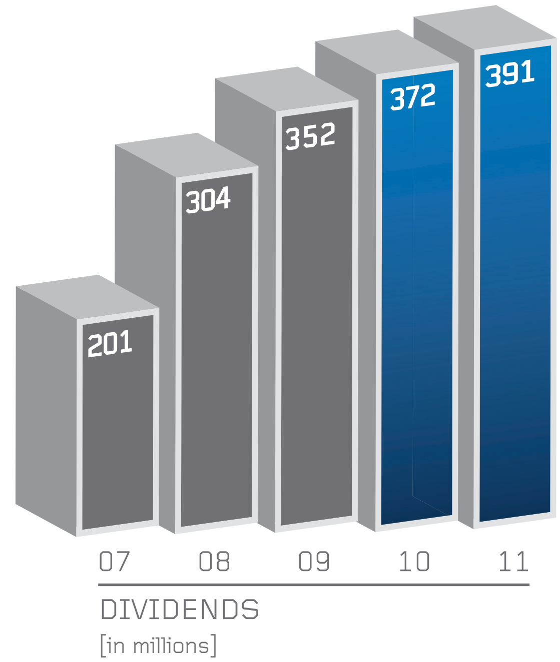
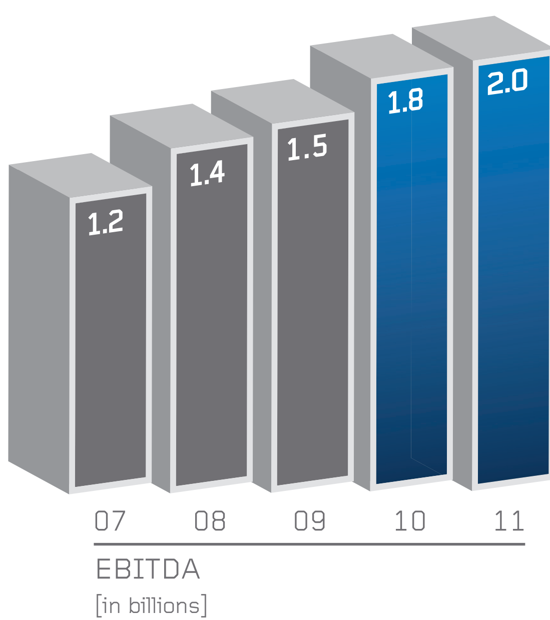
The Annual General Meeting of Shareholders will be held on January 12, 2012 at 11:00am (Mountain Time) at the Shaw Barlow Trail Building, 2400 – 32 Avenue NE, Calgary Alberta.

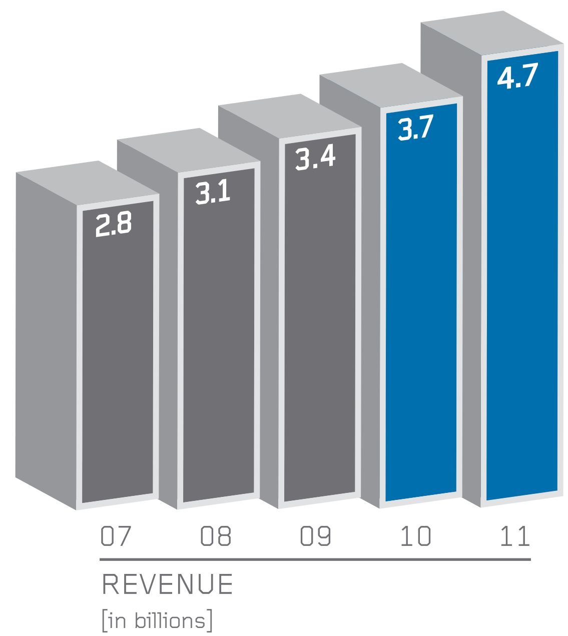
It's an exciting time for Shaw. We're taking our business to the next level through innovation and leading edge technology. The power of the most advanced network gives us the opportunity to offer Canadians unparalleled products and services, compelling choice and everyday value.

Over the next year we'll continue to innovate, creating a whole new entertainment experience for our customers.









SHAW

Shaw Communications Inc.
REPORT TO SHAREHOLDERS
August 31, 2011

Dear fellow Shareholders:

As we look back, 2011 was a year of significant accomplishments for Shaw Communications Inc., both operationally and financially. This was also a year of considerable change that included the completion of the strategic acquisition of our new Media assets, our senior leadership transition, the start of our digital network upgrade, our broadband leadership initiatives including our Wi-Fi build, and our decision to not pursue a conventional wireless business.

Looking back 40 years, to 1971 when we connected our first Cable customer, it's exciting to see Shaw today. We have evolved from a single product company to a diverse entertainment and communications leader. We are a valued part of everyday life in more than 12 million homes, entertaining and engaging our customers through our portfolio of specialty channels and conventional programming delivered through high quality television in high definition. We connect people to the world and each other through our broadband and phone services. We inform people on the happenings around the globe and beyond through our news programming. We put our customers first, working hard to provide an exceptional customer experience. We are constantly looking for ways to improve and we challenge ourselves to continue to enhance our products and services. We are a dynamic company, a successful operator, and a technology leader.

STRATEGIC INITATIVES

The year was highlighted by the completion of the acquisition of our broadcasting business, Shaw Media, which has proven to be a key strategic asset and very attractive acquisition. The division performed very well this year, showcasing its leading portfolio of specialty channels and conventional programming. Shaw, including our executive team, was recognized in March 2011, receiving the 2010 Canadian Dealmaker of the Year Award for the Media and Telecommunications Industry. This strategic acquisition allows us to unite broadcasting services and content with our advanced distribution platforms to offer customers the choices they want in this rapidly evolving competitive landscape.

Late in fiscal 2011 we made the decision to not pursue a conventional wireless build and instead focus on initiatives that align with leveraging our Media and programming assets and strengthening our leadership position in broadband and video. One of the broadband leadership initiatives that recently commenced includes the build of a managed carrier-grade Wi-Fi network to extend our customers' broadband experience beyond their home. Shaw will become the first service provider in Canada to deliver secure and reliable wireless broadband through an extensive Wi-Fi network covering thousands of locations.

FINANCIAL PERFORMANCE

Consolidated revenue, operating income before amortization and free cash flow growth continued in 2011 driven by the Media acquisition and increases in the core Cable and Satellite divisions. We also continued to return value to shareholders.

- Revenue for the year improved 28% to $4.74 billion and operating income before amortization was up over 15% to $2.03 billion.
- Consolidated free cash flow increased to $603 million.
- During 2011 we increased the dividend rate by approximately 5% and paid over $390 million in dividends.

During the year we also continued to strengthen our capital structure and lower costs, taking advantage of favorable market conditions. We issued $1.3 billion in debt and $300 million in preferred equity using a portion of the proceeds to refinance higher cost debt assumed in the Media acquisition.

OPERATIONAL PERFORMANCE

We continue to focus on the strength of our core business and make important investments in new technology platforms, digital reclamation and broadband capacity in order to ensure we maintain our technological leadership. During the year we commenced a major upgrade of our network to convert television analog tiers to digital (the Digital Network Upgrade). This upgrade is expected to triple the capacity of our network and allow expansion of our Internet, HD and On Demand offerings. We know that our investment in infrastructure provides further differentiation from our competition and we make capital and operating decisions ensuring that long-term value and profitability is generated from the appropriate investments.

We are evolving our service offerings in-step with our customers, responding to their desire for more choice, value and freedom to choose. In 2011 we launched the Shaw Plan Personalizer, enabling customers to customize their core entertainment service needs and receive everyday value. We also launched the 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.

During 2011, we initiated an extensive consultation process having our Internet customers share their ideas on Internet usage allowances and billing. As a result of these consultations, we launched new Internet packages with higher speeds and expanded usage allowances, including an industry leading 250 Mbps service using DOCSIS 3.0 technology to meet the increasing data needs of our subscribers. Currently, telecommunication competitors are unable to match our broadband speeds and this provides a competitive advantage now and for the foreseeable future.

Subscriber growth during the year was balanced against strong financial performance as the competitive environment continued to increase across our operating areas.

- We achieved Digital television customer growth of over 165,000. At the end of fiscal 2011 there were over 1.8 million Digital customers, representing almost 80% of Basic customers. In 2011 we lost 51,000 Basic cable customers.
- During the year almost 55,000 Internet customers were added, maintaining one of the strongest broadband businesses in North America. We continue to increase the penetration rate of the service and now the equivalent of 82% of Basic subscribers take the Internet service, which represents one of the highest penetration rates in North America.
- The Digital Phone product has been a great success and we have over 1,200,000 Digital Phone lines since our first market launch in February 2005. Customer growth of 137,000 Digital Phone lines was achieved in fiscal 2011, with the equivalent of 54% of Basic subscribers now taking the telephone service.

The broadcasting business acquisition included the Global Television Network (“Global”) and over 20 Specialty services. The segment performed very well in 2011 benefitting from the vendor operating under creditor protection and having undergone a restructuring process

removing significant costs from the business and rationalizing assets, and a recovery in the economic cycle. We completed the organizational alignment of Shaw Media within the broader Shaw group of companies and then began setting key priorities to capitalize on opportunities from the combination of content and distribution. We hold a number of the top ten positions in the channel rankings amongst our specialty services and programs on Global and continue to optimize our portfolio to maximize long term value. Global reaches over 95% of Canadian households and Global National, featuring Canada's first female national news anchor, averages one million viewers daily.

MANAGEMENT CHANGE

During the year the Corporation's Board announced the orderly evolution of executive management responsibilities with the appointment of Bradley S. Shaw into the Chief Executive Officer role effective November 17, 2010. Mr. Shaw has been an employee of the Corporation since 1987, moving through a succession of increasingly responsible positions, most recently as Executive Vice President. This transfer of responsibilities will serve the Corporation's shareholders and stakeholders well for many years to come.

OUR COMMUNITIES

Shaw is committed to making a positive contribution in the communities across Canada where we do business. Through funding, time, talent and innovative partnerships we strive to enrich, connect, and improve the lives of Canadians. We support many areas including families, education, athletes, the arts and the environment. From filling food banks, powering Canadian athletes, preserving and sustaining green spaces, opening doors to innovate educational programs, and bringing families together, our aim is to help communities grow and flourish. In 2011 we contributed almost $50 million through cash and in kind contributions supporting an array of organizations and initiatives.

LOOKING AHEAD

We look forward to the challenges and opportunities ahead as we build on our past success. We are starting the new fiscal year with a number of strategic initiatives on the agenda including our digital network upgrade and Wi-Fi build. We are operating in a dynamic environment marked by rapid technology advances, intense competition and lingering economic uncertainties; however, we are confident we have the resources and the creativity to successfully execute on our fiscal 2012 strategic business priorities building value for our shareholders.

Our innovation, spirit and drive have made us what we are today and will move us forward to become what we want to be tomorrow. We close expressing our many thanks to our customers, employees and our shareholders. We value your continued support.

[Signed]	[Signed]
JR Shaw	Bradley S. Shaw
Executive Chair	Chief Executive Officer

Shaw Communications Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2011

November 29, 2011

FORWARD

Tabular dollars are in thousands of Canadian dollars, except per share amounts or unless otherwise indicated. Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements.

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CAUTION CONCERNING FORWARD LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis that are not historic constitute "forward-looking statements" within the meaning of applicable securities laws. Such statements include, but are not limited to, statements about future capital expenditures, financial guidance for future performance, business strategies and measures to implement strategies, competitive strengths, expansion and growth of Shaw's business and operations and other goals and plans. They can generally be identified by words such as "anticipate", "believe", "expect", "plan", "intend", "target", "goal" and similar expressions (although not all forward-looking statements contain such words). All of the forward-looking statements made in this report are qualified by these cautionary statements.

Forward-looking statements are based on 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 as of the current date. These assumptions include, but are not limited to, general economic and industry growth rates, currency exchange rates, technology deployment, content and equipment costs,

industry structure and stability, government regulation and the integration of recent acquisitions. Many of these assumptions are confidential.

You should not place undue reliance on any forward-looking statements. Many factors, including those not within Shaw's control, may cause Shaw's actual results to be materially different from the views expressed or implied by such forward-looking statements, including, but not limited to, general economic, market or business conditions; opportunities that may be presented to and pursued by Shaw; Shaw's ability to execute its strategic plans; changing conditions in the entertainment, information and communications industries; industry trends; changes in the competitive environment 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 that affect Shaw or the markets in which it operates in both Canada and the United States; Shaw's status as a holding company with separate operating subsidiaries; and other factors described in this report under the heading "Known events, trends, risks and uncertainties". The foregoing is not an exhaustive list of all possible factors. 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 described herein.

The Corporation provides certain financial guidance for future performance as the Corporation believes that certain investors, analysts and others utilize this and other forward-looking information in order to assess the Company's expected operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. The Company's financial guidance may not be appropriate for this or other purposes.

Any forward-looking statement speaks only as of the date on which it was originally made and, except as required by law, Shaw expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect any change in related assumptions, events, conditions or circumstances.

Shaw Communications Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2011

I. INTRODUCTION TO THE BUSINESS

A. Company overview – core business and strategies

Shaw Communications Inc. ("Shaw" or the "Company" or "Corporation") is a diversified Canadian communications and media company whose business is providing consumers with broadband cable television, Internet, Home Phone, telecommunications services (through Shaw Business), satellite direct-to-home services (through Shaw Direct) and engaging programming content (through Shaw Media). Shaw Media operates the second largest conventional television network in Canada, Global Television, and 18 specialty networks. It provides customers with high-quality entertainment, information and communications services, utilizing a variety of distribution technologies.

Shaw's business is encapsulated within its vision statement: "We, the leading entertainment and communications company, deliver exceptional customer experience through outstanding people sharing Shaw values."

Shaw's strategy is to maximize shareholder value through the generation of free cash flow.[1] The key elements of this strategy include: leveraging its network infrastructure and programming assets to offer customers a wider variety of products and services; enhancing existing products to provide greater value to customers; providing best-in-class 24/7/365 service; bundling product offerings to provide value to both Shaw and the customer; and focusing on sound capital management and operational efficiencies to maintain a competitive edge.

The strategy also includes promoting brand awareness, strengthening the Shaw name from coast to coast. The Shaw brand is synonymous with diverse product offerings and exceptional customer service.

During 2011 the Company operated three principal business segments: (1) Cable – comprised of cable television, Internet, Digital Phone and Business Solutions operations; (2) Satellite - comprised of direct-to-home ("DTH") and Satellite Services; and (3) Media - comprised of television broadcasting. As a percentage of Shaw's consolidated revenues for the year ended August 31, 2011, the Cable, Satellite and Media divisions represented approximately 64%, 17% and 19% of Shaw's business, respectively. During 2011 Shaw's businesses generated consolidated revenues of $4.74 billion.

A fourth business segment, Wireless, was in the development/construction stage during 2010 and 2011. During 2008 the Company participated in the Canadian Advanced Wireless Spectrum ("AWS") auction and was successful in acquiring 20 megahertz of spectrum across most of its cable footprint. In March 2010 the Company commenced activities on a traditional wireless infrastructure build and late in 2011, after completing a strategic review of this initiative, concluded that the economics as a new entrant would be extremely challenging, even with the Company's established base and considerable strengths and assets. Shaw decided to not pursue a traditional wireless business and instead plans to focus on initiatives that align with leveraging its Media and programming assets and strengthening its leadership position in broadband and video.

The description of these operating business segments, including more specific details for the last three fiscal years follows.

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[1] See definitions under key performance drivers on page 20.

B. Description of the business

(i) Cable

Shaw's Cable operations provide Cable television, Internet, and Digital Phone services to residential and business customers. These services are delivered through an extensive fibre optic and co-axial cable distribution network.

Shaw's strategy is to leverage its network by providing additional services beyond traditional cable television. In past years, it enhanced the quality, depth and capacity of its plant and network infrastructure through significant capital investments, and the plant and network is essentially fully digital and two-way capable. These investments enabled Shaw to leverage its existing network and expand its service offerings to include digital programming, On Demand programming, High Definition ("HD") television including three dimensional ("3D") HD, Internet, and Digital Phone. During 2011 Shaw commenced a major upgrade of its network to convert television analog tiers to digital (the Digital Network Upgrade "DNU"). This upgrade is expected to triple the capacity of the Shaw network and allow the Company to expand its Internet, HD and On Demand offerings. Shaw's investments in plant infrastructure will accommodate further growth opportunities. Shaw continues to invest in technology initiatives to recapture bandwidth and optimize its network, including increasing the number of nodes on the network and using advanced encoding and digital compression technologies such as MPEG-4.

To take advantage of potential administrative, operating and marketing synergies that arise from larger, focused operations, Shaw has consolidated its position as the dominant provider of cable services in Western Canada. Approximately 71% of the Company's cable television subscribers are clustered in and around five major urban markets in Western Canada: Vancouver and Victoria, British Columbia; Calgary and Edmonton, Alberta; and Winnipeg, Manitoba. The balance of Shaw's subscribers are mainly in smaller regional clusters, linked via fibre either to each other or to larger markets. These markets include the Okanagan region, British Columbia (Kamloops, Kelowna, Penticton, Vernon); Saskatoon/Prince Albert/Moose Jaw/Swift Current, Saskatchewan; and Thunder Bay/Sault Ste. Marie/ Hamilton, Ontario.

Shaw continues to acquire cable systems to complement its cable "clustering" strategy. During fiscal 2011 Shaw completed the acquisition of Lake Broadcasting and Sun Country Cablevision cable systems located in the interior region of British Columbia. During fiscal 2010 Shaw completed the acquisition of Mountain Cablevision, a cable system located in Hamilton, Ontario, and in 2009 Shaw acquired the cable system located in and around Campbell River, British Columbia.

Shaw has a customer-centric strategy designed to deliver high-quality customer service, simplicity and value to its customers through various bundled service offerings for its video, Internet and Digital Phone services. The benefits of bundling to customers include the convenience of "one-stop shopping" and value pricing. The benefits to Shaw include retention of existing customers (churn reduction); attraction of new customers; incremental penetration as customers upgrade to additional services offered in a bundle; and operational efficiencies through centralized billing and customer care.

A more detailed description of each of the principal operations comprising the Company's Cable Segment is set forth below.

Cable Television

The Company's initial core business was cable television services, which today provides the customer base and physical infrastructure for much of the Company's distribution service businesses. The Company is one of the largest cable television providers in Canada. As at August 31, 2011, Shaw served approximately 2.3 million cable television customers in five provinces (British Columbia, Alberta, Saskatchewan, Manitoba and certain portions of Ontario), representing approximately 32% of the Canadian cable television market.

The Company's cable television business is operated through its extensive fibre optic and co-axial cable distribution network. Shaw's fibre backbone and interconnect network link its cable systems and subscribers together. Shaw receives originating television signals at its head-end sites and re-transmits these signals via its network to customers' homes in its cable serving areas. Digital cable customers receive additional services via digital cable terminals ("DCTs") which translate encrypted signals delivered to customers' homes over Shaw's network.

Digital cable significantly expands the range of services that may be offered to a subscriber and extends programming capacity. Digital cable, which is delivered by the Company's network to DCTs deployed in subscribers' premises, also enhances picture and sound quality and provides the platform from which Shaw has launched, and expects to continue to be able to launch, new revenue-generating video and interactive services. Shaw offers customers a variety of DCTs for purchase or rent.

To its Digital subscribers, Shaw also offers On Demand viewing options, including impulse Pay-Per-View ("PPV") and Video-on-Demand ("VOD") services. The PPV service allows customers to select and pay for specific programs which are available on various channels with different start times. The VOD service enables customers to select programming from a library of titles through an on-line ordering system or directly through the interactive program guide, and to view the programming on their television at a time of their choosing, with pause, skip backward and skip forward functionality. On Demand programming includes movies, sports, concerts and other special events, with prices dependent on the nature of the programming. Shaw also offers a wide variety of free On Demand programming including hit TV series, movies, events, music videos and more. Shaw offers On Demand programming in over 98% of its footprint.

As at August 31, 2011 the Company had approximately 1,820,000 Digital subscribers, representing a penetration rate of over 79% of Basic cable subscribers. Of the Digital customers, over 910,000 have HD capabilities. Shaw continues to launch HD channels which offer superior picture detail and sound quality in a format that fully utilizes the capabilities of wide screen, HD ready televisions. In support of HD, Shaw offers for purchase or rent DCTs which support the decoding and processing of HD content, as well as DCTs which incorporate HD and Personal Video Recorder ("PVR") features.

Internet

Leveraging its cable television infrastructure, Shaw provides high-speed Internet access services to residential and small business subscribers in almost all of its operating areas. The Company currently offers a wide variety of residential Internet service levels to match the speed, usage and budget requirements of its subscribers. Similar to its residential Internet service, Shaw also offers a variety of Internet services for small and medium business customers. As at

August 31, 2011 there were approximately 1,880,000 subscribers (connected and scheduled installations) to Shaw's Internet access services.

In providing its Internet access services, Shaw deploys cable modems, generally based on DOCSIS 2.0 or 3.0 specifications. This technology has enabled the Company to increase the capabilities and reliability of its network by increasing the capacity and throughput of both the upstream and downstream portions of Shaw's cable infrastructure. Upgrades and enhancements of its capital infrastructure are ongoing and include the DNU, building up the Company's Internet backbone, and decreasing the average node size.

During 2011 Shaw conducted an extensive consultation process which allowed its Internet customers to share their ideas on Internet usage allowances and billing. As a result of these consultations, Shaw launched new Internet packages with higher speeds and expanded usage allowances, including an industry leading 250 Mbps service using DOCSIS 3.0 technology to meet the increasing data needs of its subscribers. Currently, the 250 Mbps service is available in approximately 5% of the Company's footprint, and will be rolled out to additional areas as analog television tiers are converted to digital.

In 2011 Shaw also launched a 1 Gigabit Internet service in limited service areas. The service utilizes Fibre-to-the-Premises ("FTTP") and will be able to support new, cutting-edge broadband applications that require faster download speeds.

In 2010 Shaw introduced the Shaw Wireless Gateway, a modem and router in one, providing customers a secure, fast Wi-Fi connection to the Internet and in 2009 Shaw made significant investments to improve the speed and performance of its Internet services that increased the speed of services by 50% and launched a 100 Mbps service.

Shaw operates two Internet data centres in Calgary, Alberta and several smaller regional centres. The data centres allow the Company to manage its Internet services exclusively, providing e-mail service directly to its customers using "@shaw.ca" e-mail addresses, provisioning web space, and managing backbone connectivity and peering arrangements. The centres also host Shaw customers' most popular web content locally.

Shaw recently announced its plans to build a managed carrier-grade Wi-Fi network that will extend a customer's broadband experience beyond their home. Wi-Fi is in virtually all portable consumer devices and customers are actively seeking Wi-Fi hotspots to reduce data costs and improve their wireless broadband experience. Shaw, working with Cisco, will become the first service provider in Canada to deliver secure and reliable wireless broadband in thousands of locations. During 2011 the Company also commenced construction of a new data centre in Calgary that will allow it to stay ahead of the technology curve being able to handle new innovations as they come, such as the Wi-Fi network initiative. The data centre incorporates energy efficient cooling systems allowing Shaw to reduce the environmental impact. The centre is planned to be complete in the spring of 2014.

Digital Phone

In 2005, Shaw entered the "triple play" market of voice, video and data services with the launch of Shaw Digital Phone, a reliable, fully featured and affordable residential telephone service. Since then, the Company continued to expand its Digital Phone footprint and offers the service to 96% of homes passed. As at August 31, 2011 it had approximately 1,230,000 Digital Phone lines (primary and secondary lines on billing plus pending installs).

Shaw Digital Phone offers several packages tailored to meet the needs of residential subscribers with varying levels of included long distance and calling features. Professional installation, access to E-911 (enhanced 911 emergency service), directory and operator services, and around-the-clock (24/7/365) customer support are included in the Digital Phone service at no additional cost to subscribers. Similar to the residential packages, Shaw offers commercial voice services, including a variety of Shaw Business products for home based or smaller businesses and a Primary Rate Interface ("PRI") service for medium and larger businesses.

Shaw Digital Phone utilizes PacketCable technology and DOCSIS specifications. Customers' existing phone lines are connected into modems usually installed at the location of the central wiring in the customers' premises. The modem converts the voice conversation (sounds waves) into digital IP packets that are carried to an IP-based telephone switch ("softswitch"). At this point, the packets are transformed again into traditional telephone signals for connection to the public switched telephone network or may be routed through the IP network to the called party.

Unlike internet phone providers who use the internet to route calls, Shaw's Digital Phone service uses Shaw's own private managed broadband network and the public switched telephone network to route calls, allowing the Company to ensure a consistent level of quality and reliability to its phone customers.

During 2011 Shaw Digital Phone services were made available in a number of smaller communities in British Columbia, Alberta and Manitoba. In 2010 the Company launched Digital Phone service in various markets, including Campbell River, Winfield, Kimberly and Fernie in British Columbia, as well in Stony Plain and expansions in the surrounding areas of Lethbridge, and Red Deer, all in Alberta.

Shaw Business

Shaw Business is responsible for the development and management of the national fibre network that is the primary Internet backbone for Shaw's broadband Internet customers. This backbone network is also used to carry Shaw Digital Phone capacity and video signals. In addition, Shaw Business provides services to small and medium size business, Internet Service Providers ("ISPs"), cable companies, broadcasters, governments and other organizations that require end-to-end Internet, data and voice connectivity. Shaw Business is a major account and wholesale provider offering third parties advanced high speed data connectivity and Internet services in Canada and the United States. Its offerings currently include data, voice and video transport and Internet connectivity services. It also continues to establish public and private peering arrangements and high speed connections to major North American, European and Asian network access points and other tier-one backbone carriers.

Shaw Business has built both its fibre network and its customer base to promote future revenue growth. Its network includes multiple fibre capacity on two diverse cross-North America routes. The Company's southern route principally consists of approximately 6,400 route kilometres (4,000 miles) of fibre located on routes between Vancouver (via Calgary, Winnipeg, Chicago, Toronto and Buffalo) and New York City and between Vancouver and Sacramento. The northern route consists of approximately 4,000 route kilometres (2,500 miles) of fibre between Edmonton (via Saskatoon, Winnipeg and Thunder Bay) and Toronto. This route provides redundancy for the existing southern route. Shaw Business also maintains a marine route consisting of approximately 330 route kilometres (200 miles) located on two fibres from Seattle to Vancouver Mainland (via Victoria). In addition, Shaw Business has secured additional

capacity to connect the cities of Toronto (via Montreal and Boston) to New York City, Seattle to Vancouver and Edmonton to Toronto.

(ii) Satellite

Shaw's Satellite operations own and lease, directly and indirectly, satellite transponders that receive and amplify digital signals and transmit them to receiving dishes located within the footprint covered by the satellite. Shaw Direct and Satellite Services businesses share the satellite infrastructure distributing digital video and audio signals to different markets (residential and business), thereby allowing the Company to derive distinct revenue streams from different customers using a common platform.

Satellite interests in these transponders are set forth in the table below.

Satellite	Transponders	Nature of Satellite Services Interest
Anik F2	18 Ku-band	Owned
	6 Ku-band	Leased
	2 Ku-band (partial)	Leased
Anik F1R	28 Ku-band	Leased
	1 C-band	Leased
	1 C-band (partial)	Leased
Intelsat Galaxy 16	1 Ku-band (partial)	Leased

During 2010, Satellite entered into agreements to acquire capacity on a new satellite, Anik G1, expected to be available in late calendar 2012. The capacity will provide additional bandwidth for expanded customer choice, including new HD channels and other advanced services.

A more detailed description of each of the principal operations comprising the Company's Satellite Segment is set forth below.

Shaw Direct

Shaw Direct is one of three DTH satellite operators licensed by the CRTC to deliver digital subscription video and audio programming services from satellites directly to subscribers' homes and businesses. Shaw Direct began its national roll-out of digital DTH services in 1997 and, as at August 31, 2011, had approximately 909,000 subscribers.

The market for Shaw Direct's digital DTH services can be divided into three principal categories: households not served by cable and typically having access to a limited number of broadcast services; households underserved by cable (i.e. served by cable systems that offer fewer than 80 channels); and households that receive full service cable (80 or more channels), primarily in urban areas. Other potential customers include commercial, institutional and recreational facilities interested in video and audio programming.

With dual satellites (Anik F2 and Anik F1R) whose signals are received by subscribers through an elliptical dish, as at August 31, 2011, Shaw Direct offered over 500 digital video and audio channels with a programming line-up offering the majority of television services that are available in Canada, including local over-the-air broadcasters, national networks, specialty channels, U.S. and foreign channels, adult programming and ethnic services. Shaw Direct's subscribers have the option of choosing from a menu of programming packages designed to

target and accommodate subscriber interests, primary language, income level and type of household. Such packages are marketed through Shaw Direct and a nation-wide distribution network of third party retail locations.

Shaw Direct continues to transition to advanced modulation and encoding technology, including MPEG-4, for its programming allowing it to increase its channel capacity. As part of its commitment to enhance its service offerings, over 30 standard and high definition channels were added during 2011. As at August 31, 2011, Shaw Direct offered 79 HD channels.

With the new satellite expected to be available in late 2012, Shaw Direct's satellite television services capacity will expand by 30 percent through 16 additional national transponders. The new transponders will provide bandwidth for expanded subscriber choice, including new HD channels and other advanced services. The additional transponders will also provide enhanced service quality, acting as important in-orbit back-up capacity. In 2011 Shaw Direct began to install compatible outdoor equipment so that many customers will be able to immediately access the new capacity once it is available.

Satellite Services

Satellite Services operations include two primary businesses, Shaw Broadcast Services and Shaw Tracking.

Shaw Broadcast Services redistributes television and radio signals via satellite to cable operators and other multi-channel system operators in Canada and the U.S., referred to as a satellite relay distribution undertaking ("SRDU"), and provides uplink and network management services for conventional and specialty broadcasters on a contract basis.

The redistribution of signals to cable companies and other operators is known in Canada as SRDU services. Shaw Broadcast Services currently provides SRDU and signal transport services to approximately 400 distribution undertakings, primarily cable operators, and redistributes 350 television signals and over 100 audio signals in both English and French to multi-channel system operators. Shaw Broadcast Services also offers HITS/QT and QT Plus (Headend In the Sky/Quick Take), which allow small and medium size cable companies to offer digital signals to subscribers with a substantially reduced capital outlay. HITS/QT and QT Plus facilitate increased availability and penetration of digital services in Canada and thereby add incremental revenues to Shaw Broadcast Services from the additional services provided to smaller cable companies.

Shaw Broadcast Services' uplink and network management services include backhaul (transport of signals to the uplink site), uplink (delivery of signal to the satellite so that it can be distributed to cable operators and other distributors), bandwidth, authorization and signal monitoring. Shaw Broadcast Services currently provides such services to over 130 specialty and pay broadcasters across Canada, as well as to Canadian pay audio providers.

Shaw Tracking provides asset tracking and communication services to approximately 600 companies in the transportation industry in Canada, with over 40,500 vehicles using its services. Shaw Tracking's services capture all related information pertaining to an asset (i.e. location, performance and productivity measures) and effectively integrate into a carrier's fleet management system. Via satellite, cellular and Bluetooth networks, Shaw Tracking provides immediate real time visibility to a company's fleet and freight. Shaw's services and solutions target a wide variety of segments of transportation across Canada.

(iii) Media

In May 2010, the Company entered into agreements to acquire, subject to various regulatory approvals, 100% of the broadcasting business of Canwest Global Communications Corp. ("Canwest") including CW Investments Co. ("CW Media"), the company that owned the specialty channels acquired from Alliance Atlantis Communications Inc. in 2007. During 2010, the Company completed certain portions of the acquisition including acquiring a 49.9% equity interest, a 29.9% voting interest, and an option to acquire an additional 14.8% equity interest and 3.4% voting interest in CW Media for total consideration of approximately $750 million, including acquisition costs. Also during 2010, the Competition Bureau cleared Shaw's acquisition and the Ontario Superior Court of Justice issued a sanction order approving the related consolidated plan of compromise, arrangement and reorganization. In late October 2010 the CRTC approved Shaw's application to assume control of Canwest's broadcasting business and the outstanding portions of the acquisition closed on October 27, 2010. The total consideration, including debt assumed, was approximately $2.0 billion.

In 2010, the portion of the investment acquired during that year was accounted for as an equity investment. In 2011 the Media results were equity accounted until October 27, 2010, at which time the balance sheet and results of operations were consolidated.

The acquisition of Shaw's Media business included the Global Television Network ("Global"), and a leading portfolio of Specialty services. Technology is driving change in the Canadian Broadcasting system, transforming content distribution and viewership. This strategic acquisition allows Shaw to unite broadcasting services and content with its advanced distribution platforms to offer customers strong choices in this rapidly evolving landscape.

The Canadian television broadcasting market is comprised of a number of English, French, and third language stations and services that operate in different segments of the market. The "Conventional" broadcast sector includes government owned public networks, such as the Canadian Broadcasting Corporation ("CBC"), as well as privately owned station groups and networks, such as Global and the CTV Television Network ("CTV"). The "Specialty and Pay" sector includes Specialty television services, such as Showcase, History, HGTV Canada, TSN (owned by CTV), and Sportsnet (owned by Rogers Communications Inc), which provide special interest programming including news, sports, arts, lifestyle and entertainment programming.

Global reaches over 95% of Canada's population through 12 over-the-air ("OTA") conventional television stations. Global offers a programming mix of entertainment programs and news that includes hit programs such as House, the reality series Survivor, NCIS:LA, and Glee. Global offers news through its early-evening network newscast Global National, which garners almost one million viewers every weekday, and delivers local news programs to a number of markets. Global is planning to expand its news line-up in 2012 with the launch of morning news programming in select cities across Canada. In 2011 Global also launched the Global Video application, compatible with the iPad, iPhone and iPod Touch, which offers viewers an exciting new way to access the network's library of premium content.

The Specialty television services owned and operated in the Media division comprise 18 channels, including Showcase, HGTV Canada, Food Network Canada, Slice and TVtropolis. The Company also has an interest in various non-operated channels including two French language specialty television services and two English language specialty television services.

The following table sets forth all of the Specialty services in which the Company holds an interest:

Specialty Services Operated	% Equity Interest
Showcase	100%
Slice	100%
History Television	100%
HGTV Canada	67%
Food Network Canada	51%
Showcase Action	100%
Showcase Diva	100%
National Geographic Canada	50%
BBC Canada	50%
Twist TV	100%
IFC Canada	100%
DIY	67%
TVtropolis	67%
MovieTime	100%
DejaView	100%
Fox Sports World Canada	100%
Mystery	50%
Global Reality	100%

Specialty Services Not Operated	% Equity Interest
Historia	50%
Series+	50%
Dusk	49%
The Cave	49%

C. Seasonality and other additional information concerning the business

(a) Seasonality and customer dependency

Although financial results of the Cable and Satellite business segments are generally not subject to significant seasonal fluctuations, subscriber activity may fluctuate from one quarter to another. Subscriber activity may also be affected by competition and varying levels of promotional activity undertaken by the Company. Shaw's Cable and Satellite businesses generally are not dependent upon any single customer or upon a few customers.

The Media business segment financial results are subject to fluctuations throughout the year due to, among other things, seasonal advertising and viewing patterns. In general, advertising revenues are higher during the fall, the first quarter, and lower during the summer months, the fourth quarter. Expenses are incurred more evenly throughout the year. The Specialty Services are dependent on a small number of broadcast distribution undertakings ("BDUs") for distribution of the services.

(b) Environmental matters

Shaw has not made, and does not anticipate making, any significant capital expenditures to comply with environmental regulations. Such regulations have not had, and are not expected to have, a material effect on the Company's earnings or competitive position.

(c) Foreign operations

Shaw does not have material foreign assets or operations.

Shaw Business U.S. Inc., a wholly-owned subsidiary of the Company, has entered into an indefeasible right of use ("IRU") with respect to a portion of a United States fibre network and owns certain other fibre and facilities in the United States. Shaw Business U.S. Inc. commenced revenue-generating operations in the United States in 2002. Its revenues for the year ended August 31, 2011 were not material.

(d) Employees

As at August 31, 2011, the Company employed approximately 12,500 persons.

D. Government regulations and regulatory developments

Substantially all of the Corporation's business activities are subject to regulations and policies established under various Acts (*Broadcasting Act (Canada)* ("Broadcasting Act"), *Telecommunications Act (Canada)* ("Telecommunications Act"), *Radiocommunication Act (Canada)* ("Radiocommunication Act") and *Copyright Act (Canada)* ("Copyright Act")). Broadcasting and telecommunications are generally administered by the CRTC under the supervision, respectively, of the Department of Canadian Heritage (Canadian Heritage) and Department of Industry (Industry Canada).

Pursuant to the Broadcasting Act, the CRTC is mandated to supervise and regulate all aspects of the broadcasting system in a flexible manner. The Broadcasting Act requires BDUs to give priority to the carriage of Canadian services and to provide efficient delivery of programming services. The Broadcasting Act also sets out requirements for television broadcasters with respect to Canadian content. Shaw's businesses are dependent upon licenses (or operate pursuant to an exemption order) granted and issued by the CRTC and Industry Canada.

Under the Telecommunications Act, the CRTC is responsible for ensuring that Canadians in all regions of Canada have access to reliable and affordable telecommunication services of high-quality. The CRTC has the authority to forbear from regulating certain services or classes of services provided by a carrier if the CRTC finds that there is sufficient competition for that service to protect the interests of users. All of Shaw's telecommunication retail services have been forborne from regulation and are not subject to price regulation. However, regulations do impact certain terms and conditions under which these services are provided.

The technical operating aspects of the Corporation's businesses are also regulated by technical requirements and performance standards established by Industry Canada, primarily under the Telecommunications Act and the Radiocommunication Act.

Pursuant to the Copyright Act, the Copyright Board of Canada oversees the collective administration of copyright royalties in Canada including the review and approval of copyright tariff royalties payable to copyright collectives by BDUs.

The sections below include a more detailed discussion of various regulatory matters and recent developments specific to Shaw's businesses.

Licensing and ownership

For each of its cable, DTH and SRDU undertakings, the Corporation holds a separate broadcasting license or is exempt from licensing. In November 2010 the majority of the Corporation's licensed cable undertakings were renewed by the CRTC for a five-year period ending August 31, 2015. The licenses of the Corporation's DTH and SRDU undertakings were valid until August 31, 2010 pursuant to their last substantive licence renewal decisions, but have subsequently been extended, by short-term administrative renewals, to February 29, 2012. Going forward, it is possible that Shaw's SRDU undertaking will be exempt from CRTC licensing pursuant to a proceeding commenced by the CRTC in May 2011 to consider a possible exemption order for SRDU undertakings. This proceeding could, as described below in the section entitled "The potential for new or increased fees through regulation", lead to the payment of additional regulatory charges by the SRDU. Shaw has never failed to obtain a license renewal for its cable, DTH or SRDU undertakings.

The Company also holds a separate license for each of its conventional OTA television stations and each specialty service. These CRTC broadcasting licenses must be renewed from time to time and cannot be transferred without regulatory approval. The majority of the Corporation's licenses for its OTA television stations and specialty services expired on August 31, 2011 and were renewed for a five-year term effective September 1, 2011 and ending August 31, 2016. The renewal decision replaced previous requirements for conventional OTA broadcasters to exhibit "priority programming" hours in prime time, and for specialty service licensees to meet specific Canadian content expenditure requirements on a service-by-service basis. Instead, approximately 30% of the overall revenue of substantially all of the Corporation's conventional OTA and specialty television service licensees must be directed to expenditures on Canadian content. In addition, 5% of such expenditures by both conventional OTA and specialty services must be specific categories of Canadian programs defined as "programs of national interest". These group-based expenditure requirements comprise part of conditions of license of television and specialty services owned by the Corporation and provide the Corporation with flexibility with respect to satisfying regulatory requirements pertaining to the broadcast of Canadian programming.

The potential for new or increased fees through regulation

Effective September 1, 2009, each licensed BDU contributes 1.5% of its gross revenues derived from Broadcasting to the Local Programming Improvement Fund ("LPIF") to support local television stations operating in non-metropolitan markets. The CRTC has indicated that it will consider the appropriate long-term provisions for the LPIF. Exempt systems are not required to contribute to the LPIF.

In October 2008 the CRTC announced a change in its policy regarding the delivery of distant signals by licensed BDUs. Under the new policy, licensed cable BDUs must obtain the consent of an OTA broadcaster to deliver its signal in a distant market. DTH distribution undertakings can distribute a local over-the-air television signal without consent within the province of origin, but must obtain permission to deliver the over-the-air television signal beyond the province of origin unless the DTH distribution undertaking is required to carry the signal on its basic service. The CRTC determined in its 2008 policy that broadcasters and licensed BDUs should negotiate the terms of distant signal delivery but provided for arbitration where an agreement cannot be reached.

In May 2011 the CRTC released its new DTH satellite distribution policy, pursuant to which it will require Shaw Direct to distribute, in standard definition, all conventional OTA stations that conform with LPIF eligibility requirements by January 1, 2013. The CRTC did not introduce any specific rules with respect to the permitted scope of distribution of local stations or any new rights of remuneration.

In March 2010 the CRTC introduced a new regime to allow privately-owned local television stations to negotiate a value for the distribution of their programming with cable and satellite companies. The CRTC is uncertain as to its authority to implement this regime and sought clarification of its jurisdiction to do so under the Broadcasting Act by reference of the matter to the Federal Court of Appeal. In February 2011 the Federal Court of Appeal ruled, by a 2-1 majority, that the CRTC has the required jurisdiction. Major broadcast distribution companies, including the Corporation, have been granted leave to appeal the Federal Court of Appeal's decision to the Supreme Court of Canada. Depending on the outcome of the appeal, it is possible that a negotiated monetary and/or non-monetary compensation regime could arise.

Finally, the CRTC proceeding considering the exemption of SRDU services from licensing, noted above, also proposes to extend CRTC oversight to the business of satellite uplink and transport of pay and specialty television programming services by way of the same SRDU exemption order. Historically, the CRTC's oversight of SRDU undertakings related only to their distribution of OTA television and radio stations. The Commission's proposed exemption order, published for public comment, includes a condition requiring an exempt SRDU to continue contributing 5% of its revenue, now defined to also include revenue from the uplink and transport of pay and specialty services, to support Canadian programming. If the CRTC proceeds to introduce the proposed exemption order, new regulatory fees or charges could be imposed upon this business.

Access rights

Shaw's cable systems require access to support structures, such as poles, strand and conduits of telecommunication carriers and electric utilities, in order to deploy cable facilities. Under the Telecommunications Act the CRTC has jurisdiction over support structures of telecommunication carriers, including rates for third party use. In December 2010 the CRTC issued Telecom Decision 2010-900, significantly increasing the rates (including a retroactive component dating back to July 2009) for licensees, such as the Corporation, to attach their facilities to support structures of incumbent telecom carriers. Cable carriers, including the Corporation, applied to the Commission requesting a review and variance of the decision, but the application was denied.

Digital Phone, New Media and Internet

Regulation of the incumbent local exchange carriers ("ILECs"), competitors of Shaw's Digital Phone business, is now largely governed by the current Government's deregulatory initiatives. Specifically, in December 2006, the Governor in Council directed the CRTC to "rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives, and when relying on regulation to use measures that are efficient and proportionate to their purpose and that interfere with the operations of competitive market forces to the minimum extent necessary to meet the policy objectives". Over the past several years this has resulted in numerous forbearance orders being granted to TELUS Corporation ("TELUS"), Manitoba Telecom Services Inc. ("MTS"), BCE Inc. and/or Bell Canada (collectively "Bell"), and SaskTel that cover the majority of Shaw's operating territory.

The CRTC recently reviewed the obligations of carriers to provide service and to subsidize the provision of services to customers living in high cost areas. As a result of the review, the CRTC reduced the number of high-cost serving areas that were eligible for subsidy and eliminated the subsidy granted to competitive phone providers such as Shaw. These changes will result in a decrease in the percentage of contribution by the Corporation to fund local telephone service in high cost serving areas, and will also eliminate any subsidy that Shaw was receiving for providing telephone service in rural or remote areas. Following the completion of this review, the CRTC received applications from certain incumbent telephone providers requesting an increase in subsidy amounts in rural and remote areas where competitors do not operate. If the CRTC were to approve such requests for increased subsidy, any benefits to Shaw gained through the initial CRTC review would be reduced by an increase in its contribution obligations.

In June 2009 the CRTC issued its decision on "new media" by extending its exemption of the provision of new media undertakings for another five years. It also decided against imposing any regulatory measures, including financial contribution requirements on ISPs, to support Canadian new media content.

In August 2009 the CRTC initiated a reference to the Federal Court of Appeal on the legal question of whether the Broadcasting Act applies to ISPs. Shaw participated in the Federal Court of Appeal Reference on June 1, 2010 and submitted that ISPs are not subject to the Broadcasting Act. In July 2010 the Federal Court of Appeal issued a decision finding that the Broadcasting Act does not apply to ISPs. Leave to appeal that decision to the Supreme Court of Canada was obtained by certain cultural groups, and Shaw's written arguments were filed in September 2011. A hearing is tentatively scheduled for January 2012. If the Broadcasting Act is found to apply to ISPs, the CRTC could seek to introduce regulatory measures in support of Canadian content on ISPs.

Shaw is mandated by the CRTC to provide Third Party Internet Access ("TPIA") service, which enables independent ISPs to provide Internet services at premises served by Shaw's network. The CRTC recently reviewed the billing model for TPIA services, TPIA rates and whether, and how, usage based billing may be applied to TPIA services. In the decision that followed its review, the CRTC approved two billing models, a flat-rate model in which the TPIA rate includes access and usage and a capacity-based model in which access and capacity usage are billed separately. Shaw is currently approved to provide TPIA service under the flat-rate model although Shaw may elect to move to a capacity-based model in the future. As part of its decision, the CRTC approved TPIA rates for Shaw that are lower than its previously approved rates.

In late 2010 Parliament passed anti-spam legislation, which has not yet come into force. Canada's anti-spam legislation (CASL) sets out a comprehensive regulatory regime regarding on-line commerce, including requirements to obtain consent prior to sending commercial electronic messages and installing computer programs. Compliance with CASL will require Shaw to review and update its current practices with respect to marketing and other communications with customers.

Shaw and other telecommunications providers will also need to review and may be required to upgrade their interception and other systems to comply with new and anticipated lawful access requirements. Parliament is expected to introduce new legislation that will enhance law enforcement agencies' ("LEAs") access to information held by Internet and telecommunications service providers, such as Shaw. Those requirements are expected to closely resemble the provisions of Bill C-50, Bill C-51 and Bill C-52, which were introduced in the previous

Parliament but were not passed. They include obligations to disclose customer information without a court order; intercept communications if requested by LEAs; and preserve and facilitate access to surveillance data. The Province of Alberta also recently passed the Missing Persons Act, which enhances LEAs' ability to access customer records to assist in locating missing persons.

Digital transition

In July 2009 the CRTC identified the major markets where it expects conventional television broadcasters to convert their full-power OTA analog transmitters to digital transmitters by August 31, 2011. The conversion from analog to digital is expected to free up spectrum for government auction.

The Corporation has completed the digital transition in all mandatory markets as of August 31, 2011 and currently contemplates converting transmitters in non-mandatory markets during fiscal 2012 through 2016.

Vertical integration proceeding

Historically, the Commission has examined issues arising from vertical integration on a case-by-case basis when assessing change of control applications. In view of increasing industry consolidation and vertical integration, the CRTC recently initiated a hearing to review the regulatory framework relating to vertical integration. A decision pursuant to this proceeding was issued in September 2011.

The Commission recognizes that vertical integration can be beneficial and that it also has potential to enable preferential treatment. Accordingly, it is introducing new safeguards in addition to various regulatory mechanisms that already exist, including a prohibition on the distribution of television programs on an exclusive basis on new media and a reverse onus of proof in cases where undue preference is alleged in connection with the terms of distribution of any programming service. New measures also include a code of conduct governing commercial relations and interactions between and among broadcast distributors, programmers and new media undertakings, and a standstill requirement prohibiting a distribution undertaking from changing the terms of distribution or carriage pending the resolution of a dispute. Uncertainty remains as to the ultimate impact of the CRTC decision introducing the new safeguards. Eleven follow-up proceedings will be conducted to clarify the way in which such safeguards will be implemented and the code of conduct will be applied on a case-by-case basis when disputes arise. The new safeguards could impact efficiencies and innovation that could otherwise be realized by the Corporation.

Limits on non-Canadian ownership and control for broadcasting undertakings

Non-Canadians are permitted to own and control, directly or indirectly, up to 33.3% of the voting shares and 33.3% of the votes of a holding company that has a subsidiary operating company licensed under the Broadcasting Act. In addition, up to 20% of the voting shares and 20% of the votes of the licensee may be owned and controlled, directly or indirectly, by non-Canadians. As well, the chief executive officer (CEO) and not less than 80% of the board of directors of the licensee must be resident Canadians. There are no restrictions on the number of non-voting shares that may be held by non-Canadians at either the holding company or licensee level. Neither the holding company nor the licensee may be controlled in fact by non-Canadians, the determination of which is a question of fact within the jurisdiction of the CRTC.

The same restrictions apply to Canadian carriers pursuant to the Telecommunications Act and associated regulations, except that there is no requirement that the CEO be a resident Canadian. The same restrictions are also contained in the Radiocommunication Act and associated regulations. Shaw must file a foreign ownership compliance report annually with the CRTC confirming that it meets the Canadian ownership requirements for Canadian carriers.

The Corporation's Articles contain measures to ensure the Corporation is able to remain compliant with applicable Canadian ownership requirements and its ability to obtain, amend or renew a license to carry on any business.

In June 2010 the Minister of Industry initiated a public consultation on foreign investment restrictions in the telecommunications sector with the goal of encouraging investment, innovation and competition. The consultation paper released presented three options for consideration: (1) increase the limit for direct foreign investment in broadcasting and telecommunications carriers to 49 percent; (2) lift restrictions on telecommunications carriers with a 10-percent market share or less, by revenue, or (3) remove telecommunications restrictions completely. Shaw participated in the consultation and has expressed support for an increase of direct foreign investment limits for broadcasting undertakings to 49% in order to ensure competitive parity among all participants in the broadcasting and telecommunications industries. The Minister of Industry is expected to report on the result of the consultation. It is possible that the consultation and report could lead to proposed legislative changes to the foreign investment rules.

E. Key performance drivers

Shaw measures the success of its strategies using a number of key performance drivers which are outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

FINANCIAL MEASURES:

i) Revenue

Revenue is a measurement determined in accordance with Canadian and US generally accepted accounting principles ("GAAP"). It represents the inflow of cash, receivables or other consideration arising from the sale of products and services. Revenue is net of items such as trade or volume discounts and certain excise and sales taxes. It is the base on which free cash flow, a key performance driver, is determined; therefore, it measures the potential to deliver free cash flow as well as indicating growth in a competitive market place.

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 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 and return cash to shareholders. These non-GAAP measures have not been presented as an alternative to net income or any other measure of performance or liquidity prescribed 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.

ii) Operating income before amortization and operating margin

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 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.

Relative increases period over period in operating income before amortization and in operating margin are indicative of the Company's success in delivering valued products and services, and engaging programming content to its customers in a cost-effective manner.

iii) Free cash flow

The Company uses free cash flow as a measure of the Company's ability to repay debt and return cash to shareholders. Consolidated free cash flow is calculated as follows:

($000's Cdn)	2011	2010[5]	2009[4][5]
Cable free cash flow[1]	**400,924**	362,656	341,115
Satellite free cash flow[2]	**104,762**	152,484	164,960
Media free cash flow[3]	**97,341**	–	–
Consolidated free cash flow	**603,027**	515,140	506,075

(1) The reconciliation of free cash flow for cable is provided on page 53.
(2) The reconciliation of free cash flow for satellite is provided on page 58.
(3) The reconciliation of free cash flow for media is provided on page 60.
(4) Free cash flow for 2009 has not been restated to exclude stock-based compensation.
(5) The presentation of segmented free cash flow has been adjusted to reflect on a gross basis intersegment transactions. As a result, Cable free cash flow has decreased and Satellite free cash flow has increased by $3,398 and $3,342 for 2010 and 2009, respectively.

Free cash flow for cable and satellite is calculated as operating income before amortization, less interest, cash taxes paid or payable on income, capital expenditures (on an accrual basis) net of proceeds on capital dispositions and equipment costs (net). All of the line items used in the free cash flow calculation are as reported on a segmented basis in the Company's Note 16 to the Consolidated Financial Statements.

Commencing in 2010, for purposes of determining free cash flow, the Company has excluded stock-based compensation expense, reflecting the fact that it is not a reduction in the Company's cash flow. This practice is more in line with the Company's North American peers who also report a calculation of free cash flow.

Commencing in 2011 with respect to the new Media segment, free cash flow has been determined as detailed above and in addition Shaw has deducted 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.

Commencing in 2012 free cash flow will not be 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 funding, and non-controlling interest amounts will be reported on a segmented basis. Other items, including interest and cash taxes, are not generally directly allocable to a segment, and will be reported on a consolidated basis. Also commencing in 2012, free cash flow will be determined as above and in addition Shaw will report the changes in receivable related balances with respect to customer equipment financing transactions as a cash item, and will adjust for cash funding of pension amounts net of pension expense. Free cash flow will also be reduced for dividends paid on the Company's Cumulative Redeemable Rate Reset Preferred Shares.

STATISTICAL MEASURES:

Subscriber counts, including penetration and bundled customers

The Company measures the count of its customers in Cable and DTH (Shaw Direct). Basic cable subscribers include residential customers, multiple dwelling units ("MDUs") and commercial customers. A residential subscriber who receives at a minimum, basic cable service, is counted as one subscriber. In the case of MDUs, such as apartment buildings, each tenant with a minimum of basic cable service is counted as one subscriber, regardless of whether invoiced individually or having services included in his or her rent. Each building site of a commercial customer (e.g., hospitals, hotels or retail franchises) that is receiving at a minimum, basic cable service, is counted as one subscriber. Digital customers include the count of Basic subscribers with one or more active DCTs. Internet customers include all modems on billing plus pending installations and Digital Phone lines includes all phone lines on billing plus scheduled installations due to the growth nature of these products. All subscriber counts exclude complimentary accounts but include promotional accounts.

Cable measures penetration for basic services as a percentage of homes passed and, in the case of all other services, as a percentage of Basic customers.

Shaw Direct measures its count of subscribers in the same manner as Cable counts its Basic customers, except that it also includes seasonal customers who have indicated their intention to reconnect within 180 days of disconnection.

Subscriber counts and penetration statistics measure market share and also indicate the success of bundling and pricing strategies.

F. Critical accounting policies and estimates

The Company prepared its Consolidated Financial Statements in accordance with Canadian GAAP. An understanding of the Company's accounting policies is necessary for a complete analysis of results, financial position, liquidity and trends. Refer to Note 1 to the Consolidated Financial Statements for additional information on accounting policies. The following section discusses key estimates and assumptions that management has made under GAAP and how they affect the amounts reported in the Consolidated Financial Statements and notes. It also describes significant accounting policies where alternatives exist. In addition, within the critical accounting policies and estimates, Canadian-US GAAP differences are identified where they exist. Refer to Note 24 to the Consolidated Financial Statements for a complete reconciliation of Canadian-US GAAP differences. Following is a discussion of the Company's critical accounting policies:

i) Revenue and expense recognition

Revenue is considered earned as services are performed, provided that at the time of performance, ultimate collection is reasonably assured. Such performance is regarded as having been achieved when reasonable assurance exists regarding the measurement of the consideration that will be derived from rendering the service. Revenue from cable, Internet, Digital Phone and DTH customers includes subscriber service revenue when earned. The revenue is considered earned as the period of service relating to the customer billing elapses.

The Company has multiple deliverable arrangements comprised of upfront fees (subscriber connection fee revenue and/or customer premise equipment revenue) and related subscription revenue. The Company determined that the upfront fees charged to customers do not constitute separate units of accounting; therefore, these revenue streams are assessed as an integrated package.

With Shaw Media, subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are aired or displayed on the Companys' digital properties and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Subscriber connection fee revenue

Connection fees have no stand alone value to the customer separate and independent of the Company providing additional subscription services, therefore the connection fee revenue must be deferred and recognized systematically over the periods that the subscription services are earned. There is no specified term for which the customer will receive the related subscription service, therefore the Company has considered its customer churn rate and other factors, such as competition from new entrants, to determine the deferral period of two years. Under US GAAP, connection revenues are recognized immediately to the extent of related costs, with any excess deferred and amortized.

Customer premise equipment revenue

Customer premise equipment available for sale, which generally includes DCT and DTH equipment, has no stand alone value to the customer separate and independent of the Company providing additional subscription services. Therefore the equipment revenue must be deferred and recognized systematically over the periods that the subscription services are earned. As the equipment sales and the related subscription revenue are considered one transaction, recognition of the equipment revenue commences once the subscriber service is activated. There is no specified term for which the customer will receive the related subscription service, therefore the Company has considered various factors including customer churn, competition from new entrants, and technology changes to determine the deferral period of two years.

In conjunction with equipment revenue, the Company also incurs incremental direct costs which include equipment and related installation costs. These direct costs cannot be separated from the undelivered subscription service included in the multiple deliverable arrangement. Under CICA Handbook Section 3031 "Inventories", these costs represent inventoriable costs and are deferred and amortized over the period of two years, consistent with the recognition of the related equipment revenue. The equipment and installation costs generally exceed the amounts received from customers on the sale of equipment (the equipment is sold to the

customer at a subsidized price). The Company defers the entire cost of the equipment, including the subsidy portion, as it has determined that this excess cost will be recovered from future subscription revenues and that the investment by the customer in the equipment creates value through increased retention. Under US GAAP, the Company is required to expense this excess immediately.

Shaw Tracking equipment revenue

Shaw Tracking equipment revenue is recognized over the period of the related service contract for airtime, which is generally five years.

In conjunction with Shaw Tracking equipment revenue, the Company incurs incremental direct costs which include equipment and related installation costs. These direct costs cannot be separated from the undelivered tracking service included in the multiple deliverable arrangement. Under CICA Handbook Section 3031 "Inventories", these costs represent inventoriable costs and are deferred and amortized over the period of five years, consistent with the recognition of the related tracking equipment revenue.

Shaw Business

The Company also receives installation revenues in its Shaw Business operation on contracts with commercial customers which are deferred and recognized as revenue on a straight-line basis over the related service contract, generally spanning two to ten years. Direct and incremental costs associated with the service contract, in an amount not exceeding the upfront installation revenue, are deferred and recognized as an operating expense on a straight-line basis over the same period.

Subscriber connection and installation costs

The costs of physically connecting a new home are capitalized as part of the Company's distribution system as the service potential of the distribution system is enhanced by the ability to generate future subscriber revenue. Costs of disconnections are expensed as incurred as the activity does not generate future revenue.

Income statement classification

The Company distinguishes amortization of deferred equipment revenue and deferred equipment costs from the revenue and expenses recognized from ongoing service activities on its income statement. Equipment revenue and costs are deferred and recognized over the anticipated term of the related future revenue (i.e., the monthly service revenue) with the period of recognition spanning two to five years. As a result, the amortization of deferred equipment revenue and deferred equipment costs are non-cash items on the income statement, similar to the Company's amortization of deferred IRU revenue, which the Company also segregates from ongoing revenue. Further, within the lifecycle of a customer relationship, the customer generally purchases customer premise equipment at the commencement of the customer relationship, whereas the subscription revenue represents a continuous revenue stream throughout that customer relationship. Therefore, the segregated presentation provides a clearer distinction within the income statement between cash and non-cash activities and between up-front and continuous revenue streams, which assists financial statement readers to predict future cash flows from operations.

ii) Allowance for doubtful accounts

The majority of the Company's revenues are earned from selling on credit to individual subscribers. Because there are some customers who do not pay their debts, selling on credit necessarily involves credit losses. The Company is required to make an estimate of an appropriate allowance for doubtful accounts on its receivables. In determining its estimate, the Company considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances. The estimated allowance required is a matter of judgement and the actual loss eventually sustained may be more or less than the estimate, depending on events which have yet to occur and which cannot be foretold, such as future business, personal and economic conditions. Conditions causing deterioration or improvement in the aging of accounts receivable and collections will increase or decrease bad debt expense.

iii) Property, plant and equipment and other intangibles—capitalization of direct labour and overhead

As outlined in the CICA Handbook, the cost of property, plant and equipment and other intangibles includes direct construction or development costs (such as materials and labour) and overhead costs directly attributable to the construction or development activity. The Company capitalizes direct labour and direct overhead incurred to construct new assets, upgrade existing assets and connect new subscribers. These costs are capitalized as they are directly attributable to the acquisition, construction, development or betterment of the networks or other intangibles. Repairs and maintenance expenditures are charged to operating expenses as incurred.

Direct labour and overhead costs are capitalized in three principal areas:

1. Corporate departments such as engineering and information technology ("IT"): Engineering is primarily involved in overall planning and development of the cable/Internet/Digital Phone infrastructure. Labour and overhead costs directly related to these activities are capitalized as the activities directly relate to the planning and design of the construction of the distribution system. Over the past several years the IT department has devoted considerable efforts towards the development of systems to support Digital Phone and projects related to new customer management, billing and operating support systems. Labour costs directly related to these and other projects are capitalized.

2. Cable regional construction departments, which are principally involved in constructing, rebuilding and upgrading the cable/Internet/Digital Phone infrastructure: Labour and overhead costs directly related to the construction activity are capitalized as the activities directly relate to the construction or upgrade of the distribution system. Capital projects include, but are not limited to, projects such as the new subdivision builds, increasing network capacity for Internet, Digital Phone and VOD by reducing the number of homes fed from each node, and upgrades of plant capacity, including the DNU project.

3. Subscriber-related activities such as installation of new drops and Internet services: The labour and overhead directly related to the installation of new services are capitalized as the activity involves the installation of capital assets (i.e., wiring, filters, software, etc.) which enhance the service potential of the distribution system through the ability to earn future revenues. Costs associated with service calls, collections, disconnects and reconnects that do not involve the installation of a capital asset are expensed.

Amounts of direct labour and direct overhead capitalized fluctuate from year to year depending on the level of customer growth and plant upgrades for new services. In addition, the level of capitalization fluctuates depending on the proportion of internal labour versus external contractors used in construction projects.

The percentage of direct labour capitalized in many cases is determined by the nature of employment in a specific department. For example, almost all labour and direct overhead of the cable regional construction departments is capitalized as a result of the nature of the activity performed by those departments. Capitalization is also based on piece rate work performed by unit-based employees which is tracked directly. In some cases, the amount of capitalization depends on the level of maintenance versus capital activity that a department performs. In these cases, an analysis of work activity is applied to determine this percentage split; however, such analysis is subject to overall reasonability checks on the percentage capitalization based on known capital projects and customer growth.

iv) Property, plant and equipment – capitalization of interest

As permitted by Canadian GAAP, the cost of an item of property, plant and equipment that is acquired, constructed, or developed over time may include carrying costs, such as interest, which is directly attributable to such activity. Shaw does not capitalize interest on the construction of its own assets. Under US GAAP, interest costs are required to be capitalized as part of the cost of certain qualifying assets during the period of construction.

v) Depreciation policies and useful lives

The Company depreciates the cost of property, plant and equipment and other intangibles over the estimated useful service lives of the items. These estimates of useful lives involve considerable judgment. In determining these estimates, the Company takes into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. On an annual basis, the Company reassesses its existing estimates of useful lives to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly or in a different way than the Company has anticipated, the Company may have to shorten the estimated life of certain property, plant and equipment or other intangibles which could result in higher depreciation expense in future periods or an impairment charge to write down the value of property, plant and equipment or other intangibles.

vi) Intangibles

The excess of the cost of acquiring cable and satellite and media businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist primarily of amounts allocated to broadcast rights which represent identifiable assets with indefinite useful lives.

Broadcast rights in the cable and satellite businesses are comprised of broadcast authorities including licenses and exemptions from licensing that allow access to homes and subscribers in a specific area that are identified on a business combination with respect to the acquisition of shares or assets of a BDU.

Broadcast rights in the media business include licenses to operate conventional and specialty services that are identified on a business combination with respect to the acquisition of shares or assets of a broadcasting undertaking.

The Company has concluded that the broadcast rights have indefinite useful lives since there are no legal, regulatory, contractual, economic or other factors that would prevent the Company's license renewals or limit the period over which these rights will contribute to the Company's cash flows. Goodwill and broadcast rights are not amortized but assessed for impairment on an annual basis in accordance with CICA Handbook Section 3064 "Goodwill and Intangible Assets" and FASB Accounting Standards Codification section 350 – "Intangibles – Goodwill and Other". The Company periodically evaluates the unit of account used to test for impairment of the broadcast rights to ensure testing is performed at the appropriate level. The Company has identified three reporting units, Media being new in 2011, and two other reporting units that have remained unchanged for a period exceeding 5 years:

- Cable systems
- DTH and satellite services
- Media

The Company also owns AWS licenses that are required to operate a wireless system in Canada. The AWS licenses have indefinite lives and are subject to an annual review for impairment by comparing the estimated fair value to the carrying amount. Shaw recently decided not to pursue a conventional wireless build. The Company currently intends to hold its wireless spectrum while it reviews all options.

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses

Other intangibles includes software that is not an integral part of the related hardware as well as a trademark and brands. Software is amortized on a straight line basis over their estimated useful lives ranging from four to ten years.

vii) Asset impairment

Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss.

The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Company estimates the fair value of intangible assets not subject to amortization using a discounted cash flow ("DCF") analysis. Significant judgements are inherent in this analysis including estimating the amount and timing of the cash flows attributable to the broadcast rights and the AWS licenses, the selection of an appropriate discount rate, and the identification of appropriate terminal growth rate assumptions. In this analysis the Company estimates the discrete future cash flows associated with the intangible asset for 5 years and determines a terminal value. The future cash

flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using both a perpetuity growth assumption and a multiple of operating income before amortization. The discount rates used in the analysis are based on the Company's weighted average cost of capital and an assessment of the risk inherent in the projected cash flows. In analyzing the fair value determined by the DCF analysis the Company also considers a market approach determining a fair value for each unit and total entity value determined using a market capitalization approach.

The Company tests goodwill and indefinite-lived intangible assets for impairment annually during the third quarter, or more frequently if events or changes in circumstances warrant. The annual impairment test for the current year was conducted as at March 1, 2011 and the fair value of each of the reporting units exceeded their carrying value by a significant amount.

The Company conducted an impairment test on its wireless spectrum utilizing the Greenfield Approach as at March 1, 2011. The fair value of the assets exceeded their carrying amount. During August 2011 the Company discontinued construction of a traditional wireless network and considered if this would result in an impairment to the spectrum carrying value. The Company concluded that the carrying value of the AWS licenses continues to be appropriate and intends to hold these assets while it reviews all options. A hypothetical decline of 10% in the fair value of the wireless spectrum as at March 1, 2011 and August 31, 2011 would not result in any impairment loss.

A hypothetical decline of 10% and 20% in the fair value of the broadcast rights for each reporting unit as at March 1, 2011 would not result in any impairment loss. Further, any changes in economic conditions since the impairment testing conducted as at March 1, 2011 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2011.

Significant estimates inherent to this analysis include discount rates and the terminal value. At March 1, 2011, the estimates that have been utilized in the impairment tests reflect any changes in market conditions and are as follows:

		Terminal Value	
	Discount Rate	Terminal Growth Rate	Terminal Operating Income before Amortization Multiple
Cable systems	9.0%	1.75%	5.5x
DTH and satellite services	11.0%	1.50%	5.0x
Media	9.0%	1.00%	7.0x
Wireless	11.5%	0.50%	5.5x

A sensitivity analysis of significant estimates is conducted as part of every impairment test. With respect to the impairment tests performed in the third quarter, the estimated decline in fair value for the sensitivity of significant estimates is as follows:

	Estimated decline in fair value		
		Terminal Value	
	1% Increase in Discount Rate	1% Decrease in Terminal Growth Rate	0.5 Times Decrease in Terminal Operating Income before Amortization Multiple
Cable systems	8%	4%	3%
DTH and satellite services	7%	3%	3%
Media	8%	22%	2%
Wireless	45%	16%	21%

	Carrying amount	
	2011 $	2010 $
Broadcast rights and licenses		
Cable systems	**4,101,937**	4,078,021
DTH and satellite services	**983,132**	983,132
Media	**1,382,300**	–
	6,467,369	5,061,153
Goodwill		
Non-regulated satellite services	**88,111**	88,111
Cable systems	**85,332**	81,032
Media	**641,365**	–
	814,808	169,143
Wireless spectrum licenses	**190,912**	190,912
Net book value	**7,473,089**	5,421,208

viii) Employment benefit plans

Shaw has an unfunded defined benefit pension plan for key senior executives and various funded defined benefit plans for certain unionized and non-unionized employees. The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions. The valuation uses management's assumptions for the discount rate, rate of compensation increase, the expected return on plan assets (for funded plans) and expected average remaining years of service of employees. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The Company accounts for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance over the working lives of the employees who benefit from the plan. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is determined at the end of every year. The following table illustrates the increase on the accrued benefit obligation and pension expense of a 1% decrease in the discount rate:

	Accrued Benefit Obligation at End of Fiscal 2011	Pension Expense Fiscal 2011
Discount Rate – Unfunded Plan	5.50%	5.75%
Weighted Average Discount Rate – Funded Plans	5.75%	5.65%
Impact of: 1% decrease *($000's Cdn)*- Unfunded Plan	$56,297	$ 6,467
Impact of: 1% decrease *($000's Cdn)*- Funded Plans	$20,212	$ 812

ix) Future income taxes

The Company has recognized future income tax assets in respect of its losses and losses of certain of its subsidiaries. Realization of future income tax assets is dependent upon generating sufficient taxable income during the period in which the temporary differences are deductible. The Company has evaluated the likelihood of realization of future income tax assets based on forecasts of taxable income of future years and based on the ability to reorganize its corporate structure to accommodate use of tax losses in future years. Assumptions used in these taxable income forecasts are consistent with internal forecasts and are compared for reasonability to forecasts prepared by external analysts. Significant changes in assumptions with respect to internal forecasts or the inability to implement tax planning strategies could result in future impairment of these assets.

x) Commitments and contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Contractual and other commercial obligations primarily relate to network fees, program rights and operating lease agreements for use of transmission facilities, including maintenance of satellite transponders and lease of premises in the normal course of business. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

G. Related party transactions

Related party transactions are reviewed by Shaw's Corporate Governance and Nominating Committee, comprised of independent directors. The following sets forth certain transactions in which the Company is involved.

Normal course transactions

The Company has entered into certain transactions and agreements in the normal course of business with certain of its related parties.

Corus Entertainment Inc. ("Corus")

The Company and Corus are subject to common voting control. During the year, network, advertising and programming fees were paid to various Corus subsidiaries. The Company provided cable system distribution access, administrative services, uplinking of television signals and Internet services and lease of circuits to various Corus subsidiaries. In addition, the Company provided Corus with television advertising spots in return for radio and television advertising.

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in the Partnership. During the current year, the Company paid the Partnership for lease of office space in Shaw Tower. Shaw Tower, located in Vancouver, BC, is the Company's headquarters for its lower mainland operations.

Specialty Channels
The Company has interests in a number of specialty television channels which are either subject to joint control or significant influence, including Historia, Series+, Mystery, Dusk, and The Cave. During the current year the Company paid network fees and provided uplink of television signals to these channels.

CW Media
From May 3, 2010 to October 27, 2010 the Company exercised significant influence over CW Media with its 49.9% ownership. During this period network fees were paid to CW Media. In addition, the Company provided uplink of television signals to CW Media.

H. New accounting standards

Shaw has adopted or will adopt a number of new accounting policies as a result of recent changes in Canadian accounting pronouncements. The ensuing discussion provides additional information as to the date that Shaw is or was required to adopt the new standards, the methods of adoption permitted by the standards, the method chosen by Shaw, and the effect on the financial statements as a result of adopting the new policy. The adoption or future adoption of these accounting policies has not and is not expected to result in changes to the Company's current business practices.

The following policies were adopted in fiscal 2011:

Business combinations

Effective September 1, 2010, the Company early adopted CICA Handbook Section 1582 "Business Combinations", which replaces Section 1581 "Business Combinations". The differences which arise from the new accounting standard relate to details in applying the acquisition method. The significant changes that result include (i) a change in the measurement date for equity instruments issued by the acquirer from a few days before and after the announcement date to the acquisition date, (ii) contingent consideration is recognized at fair value and subsequently remeasured at each reporting date until settled, (iii) future adjustments to income tax estimates are recorded in income whereas previously, certain changes were recorded in goodwill, (iv) acquisition related costs, other than costs to issue debt or equity instruments, and acquisition related restructuring costs must be expensed, (v) for business combinations completed in stages, identifiable net assets are recognized at fair value when control is obtained and a gain or loss is recognized for the difference in fair value and carrying value of the previously held equity interests, (vi) the fair value of identifiable assets and liabilities attributable to non-controlling interests must be recognized, and (vii) non-controlling interests are recorded at either fair value or their proportionate share of the fair value of identifiable net assets acquired.

Consolidated financial statements and non-controlling interests

Effective September 1, 2010, the Company early adopted CICA Handbook Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling Interests" which replace Section 1600 "Consolidated Financial Statements". The new standards provide guidance for the preparation of financial statements and accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business

combination. For presentation and disclosure purposes, non-controlling interests are classified as a separate component of shareholders' equity. In addition, net income and comprehensive income is attributed to the Company's shareholders and to non-controlling interests rather than reflecting the non-controlling interests as a deduction to arrive at net income and comprehensive income.

Adoption of accounting policies for Shaw Media

The following accounting policies have been adopted for the Company's new television broadcasting operations (Shaw Media).

Revenue

Subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are broadcast and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Program rights and advances

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses.

CRTC benefit obligations

The fair value of CRTC benefit obligations committed as part of business acquisitions are initially recorded, on a discounted basis, at the present value of amounts to be paid net of any expected incremental cash inflows. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for revisions to the timing of the cash flows. Changes in the obligation due to the passage of time are recorded as accretion of long-term liabilities in the income statement.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred, on a discounted basis, with a corresponding increase to the carrying amount of property and equipment. This cost is amortized on the same basis as the related asset. The liability is subsequently increased for the passage of time and the accretion is recorded in the income statement as accretion of long-term liabilities. Revisions due to the estimated timing of cash flows or the amount required to settle the obligation may result in an increase or decrease in the liability. Actual costs incurred upon settlement of the obligation are charged against the liability to the extent recorded.

Embedded derivative instruments

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and separately accounted for as derivatives when their economic characteristics and risks are not closely related to the host contract, they meet the definition of a derivative and the combined instrument or contract is not measured at fair value. The Company records embedded derivatives at fair value with changes recognized in the income statement as loss/gain on derivative instruments.

The following policies will be adopted in future years:

International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for fiscal periods beginning on or after January 1, 2011. These standards require the Company to begin reporting under IFRS in the first quarter of fiscal 2012 with comparative data for the prior year. The table below outlines the phases involved in the changeover to IFRS.

Phase	Description and status
Impact assessment and planning	This phase includes establishment of a project team and high-level review to determine potential significant differences under IFRS as compared to Canadian GAAP. This phase was completed and as a result, the Company developed a transition plan and a preliminary timeline to comply with the changeover date while recognizing that project activities and timelines could change as a result of unexpected developments.
Design and development – key elements	This phase includes (i) an in-depth review to identify and assess accounting and reporting differences, (ii) evaluation and selection of accounting policies, (iii) assessment of impact on information systems, internal controls, and business activities, and (iv) training and communication with key stakeholders. During 2009, the Company completed its preliminary identification and assessment of accounting and reporting differences. In addition, training was provided to certain key employees involved in or directly impacted by the conversion process. During 2010, the assessment of the impact on information systems and design phase of system changes were completed and the implementation phase commenced. The Company completed further in-depth evaluations of those areas initially identified as being potential accounting and reporting differences, as well as the evaluation of IFRS 1 elections/exemptions which are discussed below. During 2011, the Company finalized its assessment of key differences and is in the process of finalizing the quantitative impact on the opening balance sheet and the quarterly periods.
Implementation	This phase includes integration of solutions into processes and financial systems that are required for the conversion to IFRS and parallel reporting during the year prior to transition including proforma financial statements and note disclosures. Process solutions have been developed and implemented to incorporate required revisions to internal controls during the changeover and on an on-going basis.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of the adoption of IFRS at the changeover date. The IASB will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all IFRS applicable at the conversion date are known.

The Company's adoption of IFRS will require the application of IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS annual reporting period retrospectively. However, IFRS 1 does include certain mandatory exceptions and limited optional exemptions in specified areas of certain standards from this general requirement. Management has assessed the exemptions available under IFRS 1 and their impact on the Company's future financial position. On adoption of IFRS, the significant optional exemptions considered by the Company are as follows:

(i) Business combinations

IFRS 1 provides the option to apply IFRS 3 Business Combinations retrospectively or prospectively from the date of transition. Retrospective application would require restatement of all business combinations that occurred prior to the date of transition. The Company has elected to not restate any business combinations that occurred prior to September 1, 2010. The Company early adopted the new Canadian accounting standards for business combinations, consolidation and non-controlling interests effective September 1, 2010, which are aligned with IFRS 3 and IAS 27 Consolidated and Separate Financial Statements.

(ii) Employee benefits

IFRS 1 provides the option to recognize all cumulative actuarial gains and losses on defined benefit plans deferred under Canadian GAAP in opening retained earnings on the date of transition to IFRS. The Company has elected to recognize the cumulative actuarial loss in opening retained earnings as at September 1, 2010.

(iii) Cumulative translation differences

IFRS 1 allows for cumulative translation differences for all foreign operations to be reset to zero at the date of transition, rather than applying IAS 21 The Effect of Changes in Foreign Exchange Rates retrospectively from the date a foreign subsidiary was formed or acquired. The Company has elected to apply IAS 21 prospectively from the date of transition and cumulative translation differences will be deemed zero at the date of transition.

(iv) Borrowing costs

IFRS 1 allows IAS 23 Borrowing Costs to be applied prospectively from the date of transition. The Company has elected to apply IAS 23 prospectively for projects which commenced on or after September 1, 2010.

Management is in the process of finalizing the quantitative differences between IFRS and the current accounting treatment under Canadian GAAP. Set out below are the key areas where

changes in accounting policies are expected to impact the Company's consolidated financial statements. The list and comments should not be regarded as a complete list of changes that will result from the transition to IFRS. It is intended to highlight those areas management believes to be most significant. However, the IASB has significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's consolidated financial statements. Consequently, management's analysis of changes and policy decisions have been made based on its expectations regarding the accounting standards that are anticipated will be effective at the end of its first annual reporting period under IFRS which is August 31, 2012. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years.

The following differences between Canadian GAAP and IFRS are expected to impact the Company's financial statements. This is not an exhaustive list of all of the changes that could occur during the transition to IFRS.

The Company continues to monitor and assess the impact of evolving differences between Canadian GAAP and IFRS as the IASB may continue to issue new accounting standards during the transition period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the applicable IFRS at the conversion date are known.

Differences with respect to recognition, measurement, presentation and disclosure of financial information are expected to be in the following key accounting areas:

(i) Share-based compensation

Under IFRS, the fair value of stock options with service conditions is required to be expensed over a vesting period ("graded vesting"), based on when options vest. Under Canadian GAAP, stock-based compensation was recognized on a straight-line method by treating option grants as multiple awards which recognizes the cost separately for each tranche.

Under IFRS, cash settled share-based payments, such as deferred share units ("DSUs"), are measured initially and re-measured at the end of each reporting period at fair value as determined by an option pricing model. Under Canadian GAAP, the liability was measured and re-measured at intrinsic values.

(ii) Employee benefits

As stated in exemption elections above, the Company elected to recognize cumulative actuarial losses under Canadian GAAP in opening retained earnings. Subsequent to the date of transition, actuarial gains and losses are recorded in other comprehensive income at the end of each reporting period. Under Canadian GAAP, actuarial gains and losses were amortized into income on a straight-line basis over the estimated average remaining service life of employees.

Under IFRS, past service costs of defined benefit plans are expensed on a straight-line basis over the vesting period. Under Canadian GAAP, past service costs were amortized on a straight-line basis over the estimated average remaining service life of employees. As part of the retrospective application of IAS 19, all vested past service costs were recognized in opening retained earnings at the transition date.

(iii) Income taxes

The expected manner of recovery of intangible assets with indefinite useful lives for the purposes of calculating deferred income taxes is different under IFRS than Canadian GAAP. This difference in the inclusion rate results in a reduction in the deferred income tax liability related to these assets at transition.

Under IFRS, the Company elected to adopt a methodology which applies a weighted average probability in respect to its determination of measurement of its tax uncertainties.

Also, under IFRS, deferred income tax assets and liabilities are only classified as long term.

(iv) Intangible assets

Under IFRS, amortization of indefinite lived intangibles is prohibited. Upon transition, amortization that had been previously recorded under Canadian GAAP has been reversed and recognized in opening retained earnings at the date of transition.

(v) Constructive obligation

Under IFRS constructive obligations must be recognized when certain criteria are met. These have been accrued at the transition date.

(vi) Cumulative translation differences

As stated in exemption elections above, the Company has elected to apply IAS 21 prospectively from the date of transition and cumulative translation differences were deemed zero at the date of transition.

(vii) Borrowing costs

As stated in exemption elections above, the Company elected to adopt IAS 23 prospectively from September 1, 2010.

(viii) Presentation of financial statements

Under IFRS, there are additional disclosure requirements in the notes to the consolidated financial statements.

The expected impact on transition to IFRS on the condensed consolidated balance sheet as at September 1, 2010 is as follows:

(in $000's Cdn)	Explanation (per above)	Canadian GAAP	Unaudited Estimated Impact	IFRS
ASSETS				
Current assets	(iii)	595,523	(27,996)	567,527
Investments and other assets		743,273	–	743,273
Property, plant and equipment		3,004,649	–	3,004,649
Other long-term assets		232,843	–	232,843
Deferred income taxes	(iii)	–	27,996	27,996
Intangibles	(iv)	5,577,677	188,306	5,765,983
		10,153,965	188,306	10,342,271
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	(i), (iii), (v)	1,019,439	174,532	1,193,971
Long-term debt		3,981,671	–	3,981,671
Other long-term liabilities	(ii)	291,500	137,581	429,081
Derivative instruments		6,482	–	6,482
Deferred credits		632,482	–	632,482
Deferred income taxes	(i) to (iv)	1,451,859	(358,574)	1,093,285
		7,383,433	(46,461)	7,336,972
Shareholders' equity	(i) to (vi)	2,770,532	234,767	3,005,299
		10,153,965	188,306	10,342,271

I. Known events, trends, risks and uncertainties

The Company is subject to a number of risks and uncertainties which could have a material adverse effect on its future profitability. Included herein is a "Caution Concerning Forward-Looking Statements" section which should be read in conjunction with this report.

The risks and uncertainties discussed below highlight the more important and relevant factors that could significantly affect the Company's operations. They do not represent an exhaustive list of all potential issues that could affect the financial results of the Company. The principal risks include:

- Competition and technological change, including change in regulatory risks
- Interest rate, foreign exchange, capital market and economic conditions risks
- Contingencies
- Uninsured risks of loss
- Reliance on suppliers
- Programming expenses
- Unionized labour
- Holding company structure
- Control of Shaw by the Shaw family

- Information systems and internal business processes
- Dividend payments
- Acquisitions and other strategic transactions

i) Competition and technological change

Cable and satellite providers and television broadcasters operate in an open and competitive marketplace. Shaw's businesses face competition from regulated entities utilizing existing or new communications technologies and from unregulated internet and illegal satellite services. In addition, the rapid deployment of new technologies, services and products has altered the traditional lines between telecommunications, Internet and broadcasting services and expands further the competitive landscape. Shaw may face competition in the future from other technologies being developed or to be developed.

CABLE TELEVISION AND DTH

Shaw's cable television and DTH systems currently compete or may in the future compete with other distributors of video and audio signals, including other DTH satellite services, satellite master antenna systems, multipoint distribution systems ("MDS"), other competitive cable television undertakings and telephone companies offering video service. To a lesser extent, Shaw's cable television systems compete with the direct reception by antenna of unencrypted OTA local and regional broadcast television signals. As noted above, Shaw also competes with unregulated internet services, illegal satellite services including grey and black market offerings, and new unregulated video services and offerings available over high-speed internet connections.

Almost all of Shaw's cable television systems are concentrated in major urban markets, having favourable demographics and growth potential, with most of the remainder in smaller clusters, linked via fibre optic distribution systems either to each other or to larger markets. Through this clustering strategy, Shaw maximizes the benefits of operating efficiencies, enabling it to be a low-cost service provider, which is a necessary component in strengthening its competitive position. In addition, Shaw continues to invest in technologies to increase channel capacity, to expand the range and quality of its services, and to enhance its programming and communication service offerings. Shaw's ability to offer its cable and telecommunications services in bundles allows for strong competitive offerings. The Company expects that competition will continue to increase and there can be no assurance that increased competition will not have a material adverse effect on Shaw's results of operations.

INTERNET

There are a number of different types of ISPs offering residential and business Internet access services that compete or may compete in the future with Shaw's Internet services. These include independent basic access service providers (both national and regional), incumbent telephone companies, wireless communications companies and electricity transmission and distribution companies.

High-speed Internet access services are principally provided through cable modem and digital subscriber line ("DSL") technology. High-speed services enable users to transmit and receive text, video, voice and data in digital form at significantly faster access speeds than dial-up access through a regular telephone line. Internet access services through cable modem technology are primarily provided by cable companies, although the CRTC has also authorized third-party ISPs to access cable companies' facilities, such as Shaw's, to deliver high-speed

Internet services. Internet access is also available in select cities in Western Canada through a wireless microwave technology known as WiMAX.

Although operating in a competitive environment, Shaw expects that consumer desire for Internet access services and for bandwidth-intensive applications on the Internet (including streaming video, digital downloading and interactive gaming) will lead to continued growth for high-speed Internet services.

SATELLITE SERVICES

In its Canadian SRDU business, Satellite Services faces competition principally from one other operating SRDU operator in Canada. In February 2010, another company was licensed by the CRTC to provide both DTH and SRDU services in Canada, but has not yet commenced service. Satellite Services also faces competition from the expansion of fibre distribution systems into territories previously served only by SRDU operators. This expansion permits delivery of distant US and Canadian conventional television signals to more remote locations without the use of satellite transmission.

INTERNET INFRASTRUCTURE

Through Shaw Business, Shaw competes with other telecommunications carriers in providing high-speed broadband communications services (data and video transport and Internet connectivity services) to businesses, ISPs and other telecommunications providers. The telecommunications services industry in Canada is highly competitive, rapidly evolving and subject to constant change. Competitors of Shaw Business include ILECS, competitive access providers, competitive local exchange carriers, ISPs, private networks built by large end users and other telecommunications companies. In addition, the development and implementation of new technologies by others could give rise to significant new competitors.

DIGITAL PHONE

The competitors of Shaw Digital Phone include ILECS, Competitive Local Exchange Carriers ("CLECs") and non-facilities-based Voice over Internet Protocol ("VoIP") providers. ILECs currently control the majority of the local telephone services market in Canada. Several of such competitors have larger operational and financial resources than the Corporation and are well established with residential customers in their respective markets. Numerous forbearance orders have been granted to ILECs that cover a large portion of Shaw's operating territory. As the Corporation continues to expand the digital phone service into new areas, it expects ILECs will be granted forbearance in those areas as well. These developments may negatively affect the business and prospects of Shaw Digital Phone.

MEDIA

The OTA and Specialty television business and the advertising markets in which they operate are highly competitive. Numerous broadcast and specialty television networks compete for advertising revenues. The CRTC has also substantially increased the number of Specialty television licenses since 2000 which further increases the competition. The Company's ability to compete successfully depends on a number of factors, including its ability to secure popular television programs and achieve high distribution levels. The Company expects that competition will continue to increase and there can be no assurance that increased competition will not have a material adverse effect on Shaw's results of operations.

IMPACT OF REGULATION

As more fully discussed under Government regulations and regulatory developments, substantially all of the Corporation's business activities are subject to regulations and policies administered by Industry Canada and/or the CRTC. The Corporation's operations and results can be affected, possibly adversely, by changes in regulations, policies and decisions, including changes in interpretations of the language of existing regulations by courts, the regulator (the CRTC) or the government. This regulation relates to, among other things, licensing, competition, programming carriage and the potential for new or increased fees.

ii) Interest rate, foreign exchange, capital market and economic conditions risks

As at August 31, 2011 Shaw has the following financial exposures at risk in its day-to-day operations:

(a) Interest rates: Due to the capital-intensive nature of Shaw's operations, the Company utilizes long-term financing extensively in its capital structure. The primary components of this structure are:

1. Banking facilities as more fully described in Note 10 to the Consolidated Financial Statements.
2. Various Canadian denominated senior notes and debentures with varying maturities issued in the public markets as more fully described in Note 10 to the Consolidated Financial Statements.

Interest on bank indebtedness is based on floating rates while the senior notes are fixed-rate obligations. If required, Shaw utilizes its credit facility to finance day-to-day operations and, depending on market conditions, periodically converts the bank loans to fixed-rate instruments through public market debt issues. Increases in interest rates could have a material adverse effect on the Company's cash flows.

As at August 31, 2011, 100% of Shaw's consolidated long-term debt was fixed with respect to interest rates.

(b) Foreign exchange: As the Company has grown it has accessed US capital markets and in addition, some of the company's capital expenditures are incurred in US dollars. Decreases in the value of the Canadian dollar relative to the US dollar could have a material adverse effect on the Company's cash flows. As at August 31, 2011 the Company had no US denominated debt outstanding.

(c) Capital markets: The Company requires ongoing access to capital markets to support its operations. Changes in capital market conditions, including significant changes in market interest rates or lending practices, may have a material adverse effect on the Company's ability to raise or refinance short-term or long-term debt, and thus on its financial position and ability to operate.

(d) Economic conditions: Canada's economy is impacted by uncertainty in global financial and equity markets and a slowdown in global economic growth. Advertising revenues are impacted by prevailing economic conditions. Changes in economic conditions can affect demand for advertising airtime as well as advertising rates. There can be no assurance that current events or any future events caused by volatility in world financial and equity markets or a decline in economic growth will not have an adverse effect on the Company's business and operating results.

Shaw manages its exposure to floating interest rates and US dollar foreign exchange fluctuation through the use of interest rate and cross-currency exchange agreements or "swaps". In order to minimize the risk of counterparty default under its swap agreements, Shaw assesses the creditworthiness of its swap counterparties. Currently 100% of the total swap portfolio is held by financial institutions with Standard & Poor's (or equivalent) ratings ranging from AA- to A-1. To mitigate some of the foreign exchange uncertainty with respect to capital expenditures, the Company regularly enters into forward contracts in respect of US dollar commitments. Further information concerning the policy and use of derivative financial instruments is contained in Note 1 to the Consolidated Financial Statements.

iii) Contingencies

The Company and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although such proceedings cannot be predicted with certainty, management does not expect that the outcome of these matters will have a material adverse effect on the Corporation.

iv) Uninsured risks of loss

The Company presently relies on two satellites (Anik F2 and Anik F1R) owned by Telesat Canada ("Telesat") to conduct its DTH and Satellite Services business. The Company owns certain transponders on Anik F2 and has long-term capacity service agreements in place in respect of transponders on both Anik F1R and Anik F2. As the satellite owner, Telesat maintains insurance policies on each satellite while Shaw funds a portion of the insurance cost such that in the event Telesat recovers insurance proceeds in connection with an insured loss, Shaw will be entitled to receive certain compensation payments from Telesat. The Company expects that Telesat will renew the insurance policies in respect of both satellites and that Shaw will continue to contribute to the cost of these policies while they are in effect. The Company does not maintain business interruption insurance covering damage or loss to one or more of the satellites used in its DTH and Satellite Services business as it believes the premium costs are uneconomic relative to the risk of satellite failure. Transponder capacity is available to the Company on an unprotected, non-preemptible service level basis, in both the case of the Anik F2 transponders that are owned by Shaw and the Anik F1R and Anik F2 transponders that are secured through service capacity agreements. The Company has priority access to spare transponders on each satellite in the case of interruption, although there is no assurance that such transponders would be available. In the event of satellite failure, service will only be restored as additional capacity becomes available. Restoration of satellite service on another satellite may require repositioning or re-pointing of customers' receiving dishes. As a result, the customers' level of service may be diminished or they may require a larger dish. Satellite failure could cause customers to deactivate their DTH subscriptions or otherwise have a material adverse effect on business and results of operations.

Network failures caused by damage by fire, natural disaster, power loss, hacking, computer viruses, disabling devices, acts of war or terrorism and other events could have a material adverse affect on the business, including customer relationships and operating results. The Company protects its network through a number of measures including physical security, ongoing maintenance and placement of insurance on its network equipment and data centers. The Company self-insures the plant in the cable and Internet distribution system as the cost of insurance is generally prohibitive. The risk of loss is mitigated as most of the cable plant is located underground. In addition, it is likely that damages caused by any one incident would be

limited to a localized geographic area and therefore resulting business interruption and financial damages would be limited. Further, the Company has back-up disaster recovery plans in the event of plant failure and redundant capacity with respect to certain portions of the system. In the past, it has successfully recovered from damages caused by natural disasters without significant cost or disruption of service. Although the Company has taken steps to reduce this risk, there can be no assurance that major disruptions will not occur.

v) Reliance on suppliers

Shaw's distribution and call center network is connected to or relies on other telecommunication carriers and certain utility companies. Any of the events described in the preceding paragraph, as well as labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting these carriers or utilities could also hurt business, including customer relationships and operating results.

The Company sources its customer premise and capital equipment and capital builds from certain key suppliers. While the Company has alternate sources for most of its purchases, the loss of a key supplier could adversely affect the Company in the short term.

vi) Programming expenses

Shaw's programming expenses for cable and DTH continue to be one of the most significant single expense items. Costs continue to increase, particularly for sports programming. In addition as the Company adds programming or distributes existing programming to more of the subscriber base programming expenses increase. Although the Company has been successful at reducing the impact of these increases through sale of additional services or increasing subscriber rates, there can be no assurance that this will continue and operating results may be impacted.

In Media one of the most significant expenses is also programming costs. Increased competition in the television broadcasting industry, developments affecting producers and distributors of programming content, changes in viewer preferences and other developments could impact both the availability and cost of programming content. Although the Corporation has processes to effectively manage these costs, programming content may be purchased for broadcasting one to two years in advance, making it more difficult to predict how such content will perform.

vii) Unionized labour

Approximately 50% of the Media division employees are unionized and are employed under a total of five collective agreements. If labour disruptions occur, it is possible that they may involve large numbers of employees and possibly cause a disruption to the Media business. The risk is currently mitigated as all collective agreements have been renewed and are in effect for the next two to four years.

viii) Holding company structure

Substantially all of Shaw's business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or

contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

ix) Control of Shaw by the Shaw family

As at October 31, 2011 JR Shaw and members of his family and the corporations owned and/or controlled by JR Shaw and members of his family (the "JR Shaw Group") own approximately 79% of the outstanding Class A Shares of the Company. The Class A Shares are the only shares entitled to vote in all shareholder matters. All of the Class A Shares held by the JR Shaw Group are subject to a voting trust agreement entered into by such persons. The voting rights with respect to such Class A Shares are exercised by the representative of a committee of five trustees. Accordingly, the JR Shaw Group is, and as long as it owns a majority of the Class A Shares will continue to be, able to elect a majority of the Board of Directors of the Company and to control the vote on matters submitted to a vote of the Company's Class A shareholders.

x) Information systems and internal business processes

Many aspects of the Company's business depend to a large extent on various IT systems and software and internal business processes. The Company is subject to risk as a result of potential failures of, or deficiencies in, these systems or processes. Although the Company has taken steps to reduce this risk, there can be no assurance that losses may not occur.

xi) Dividend payments

The Company currently pays monthly dividends in amounts approved on a quarterly basis by the Board of Directors. At the current approved dividend amount, the Company would pay approximately $400 million in dividends during 2012. While the Company expects to generate sufficient free cash flow in 2012 to fund these dividend payments, if actual results are different from expectations there can be no assurance that the Company will continue dividend payments at the current level.

xii) Acquisitions and other strategic transactions

The Company may from time to time make acquisitions and enter into other strategic transactions. In connection with these acquisitions and strategic transactions, Shaw may fail to realize the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a material adverse effect on the Company.

II. SUMMARY OF QUARTERLY RESULTS

(In $000's Cdn except per share amounts) Quarter	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
2011							
Fourth	1,180,699	476,229	164,458	80,709	82,488	0.37	0.18
Third	1,284,688	581,063	196,187	194,860	202,670	0.45	0.45
Second	1,196,611	499,400	165,101	161,490	167,299	0.38	0.37
First	1,078,905	474,136	17,218	16,642	20,332	0.04	0.04
Total	4,740,903	2,030,828	542,964	453,701	472,789	1.24	1.03
2010							
Fourth	938,872	424,458	122,551	121,575	121,575	0.28	0.28
Third	943,632	435,912	158,284	158,216	158,216	0.37	0.37
Second	929,142	424,825	138,712	138,712	138,712	0.32	0.32
First	905,934	474,952	114,229	114,229	114,229	0.26	0.26
Total	3,717,580	1,760,147	533,776	532,732	532,732	1.23	1.23

(1) See key performance drivers on page 20.
(2) Net income attributable to both common shareholders and non-controlling interests.

Generally, revenue and operating income before amortization have grown quarter-over-quarter mainly due to customer growth and rate increases with the exception of the second and fourth quarters of 2010 and fourth quarter of 2011. In the fourth quarter of 2011, revenue and operating income before amortization declined $104.0 million and $104.8 million, respectively, due to the cyclical nature of the Media business with lower advertising revenues in the summer months. In the fourth quarter of 2010, revenue and operating income before amortization declined by $4.8 million and $11.5 million, respectively, due to customer growth offset by timing of On-Demand events, increased promotional activity and timing of certain expenses including maintenance and costs related to customer growth. Operating income before amortization decreased by $50.1 million in the second quarter of 2010 due to the impact of the one-time Part II fee recovery of $75.3 million recorded in the previous quarter.

Net income has fluctuated quarter-over-quarter primarily as a result of the growth in operating income before amortization described above and the impact of the net change in non-operating items. The first quarter of the current year was also impacted by the Media acquisition. As a result, net income declined by $101.2 million in the first quarter of 2011 as the higher operating income before amortization of $50.2 million due to the contribution from the new Media division and lower income taxes of $32.1 million were offset by the CRTC benefit obligation of $139.1 million and acquisition, integration and restructuring costs of $58.1 million. Net income increased $147.0 million in the second quarter of 2011 due to the impact of the broadcasting business acquisition in the immediately preceding quarter and higher operating income before amortization and foreign exchange gain on unhedged long-term debt,

the total of which was partially offset by increases in interest expense, loss on derivative instruments and income tax expense. During the third quarter of 2011 net income increased by $35.4 million due to higher operating income before amortization and a lower loss on derivative instruments partially offset by increased income taxes, a lower foreign exchange gain on unhedged long-term debt and the impact of the restructuring activities undertaken by the Company. In the fourth quarter of 2011 net income declined $120.2 million due to lower operating income before amortization of $104.8 million and the loss of $82.4 million in respect of the wireless discontinued operations partially offset by the gain on redemption of debt and the aforementioned restructuring activities in the previous quarter. Net income increased $24.5 million in the second quarter of 2010 mainly due to items recorded in the first quarter which included debt retirement costs of $81.6 million in respect of the US senior note redemptions, a loss on derivative instruments of $44.4 million, the one-time Part II fee recovery of $75.3 million and an income tax recovery of $17.6 million related to reductions in corporate income tax rates. During the third quarter of 2010 net income increased $19.5 million mainly due to higher operating income before amortization and lower amortization. Net income declined $36.6 million in the fourth quarter of 2010 due to lower operating income before amortization of $11.5 million and higher amortization expense of $14.7 million. As a result of the aforementioned changes in net income, basic and diluted earnings per share have trended accordingly.

The following further assists in explaining the trend of quarterly revenue and operating income before amortization:

Growth in subscriber statistics as follows:

	2011				2010			
Subscriber Statistics	**First**	**Second**	**Third**	**Fourth**	**First**	**Second**	**Third**	**Fourth**
Basic cable customers	**(7,542)**	**(13,662)**	**(13,577)**	**(16,207)**	(1,416)	(1,055)	2,322	2,559
Digital customers	**62,216**	**35,403**	**19,202**	**49,548**	88,259	98,544	87,092	54,946
Internet customers	**18,752**	**10,772**	**11,165**	**13,528**	36,242	26,735	25,661	21,374
Digital Phone lines	**49,842**	**32,512**	**31,404**	**22,776**	61,461	54,922	66,123	51,896
DTH customers	**(1,539)**	**2,176**	**1,644**	**806**	1,097	1,071	1,856	831

III. RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2011 CONSOLIDATED RESULTS

(In $000's Cdn except per share amounts)	2011	2010	2009	Change 2011 %	Change 2010 %
Operations:					
Revenue	**4,740,903**	3,717,580	3,390,913	**27.5**	9.6
Operating income before amortization[1]	**2,030,828**	1,760,147	1,540,609	**15.4**	14.3
Operating margin[1][3][4]	**42.8%**	45.3%	45.4%		
Funds flow from continuing operations[2]	**1,443,179**	1,376,799	1,323,840	**4.8**	4.0
Net income from continuing operations	**562,052**	533,776	536,475	**5.3**	(0.5)
Free cash flow [1]	**603,027**	515,140	506,075	**17.1**	1.8
Balance sheet:					
Total assets	**12,525,877**	10,153,965	8,934,686		
Long-term financial liabilities (including current portion)					
Long-term debt	**5,256,554**	3,982,228	3,150,488		
Derivative instruments	**7,508**	86,222	465,610		
Other liabilities	**512,393**	291,500	104,964		
	5,776,455	4,359,950	3,721,062		
Per share data:					
Earnings per share from continuing operations – basic and diluted	**$ 1.24**	$ 1.23	$ 1.25		
Weighted average number of participating shares outstanding during period (000's)	**434,881**	432,675	429,153		
Cash dividends paid per share					
Class A	**0.897**	0.858	0.818		
Class B	**0.900**	0.860	0.820		

(1) See key performance drivers on page 20.
(2) Funds flow from continuing operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.
(3) Operating margin is adjusted to exclude the one-time CRTC Part II recovery for 2010. Including the one-time CRTC Part II recovery, the operating margin would be 47.3%.
(4) Operating margin has declined in 2011 due to the inclusion of the new Media segment.

Highlights

- Net income from continuing operations was $562.1 million for the year compared to $533.8 million in 2010 and $536.5 million in 2009.
- Earnings per share from continuing operations were $1.24 compared to $1.23 in 2010 and $1.25 in 2009.
- Revenue for the year improved 27.5% to $4.74 billion from $3.72 billion last year and $3.39 billion in 2009.
- Operating income before amortization of $2.03 billion was up 15.4% over last year's amount of $1.76 billion and $1.54 billion in 2009.
- Consolidated free cash flow increased to $603.0 million from $515.1 million in 2010 and $506.1 million in 2009.
- During 2011 the Company increased the dividend rate on Shaw's Class A Participating Shares and Class B Non-Voting Participating Shares to an equivalent dividend rate of $0.917 and $0.92 respectively. Dividends paid in 2011 increased approximately 5% over 2010 to $391.3 million.
- In October 2010 Shaw completed its acquisition of the broadcasting business of Canwest including CW Media, the company that owned the specialty channels acquired from Alliance Atlantis Communications Inc. in 2007. The total consideration, including debt assumed, was approximately $2.0 billion.
- On December 7, 2010 the Company issued $500 million senior notes at a rate of 5.5% due December 7, 2020 and issued an additional $400 million under the reopened 6.75% senior notes due November 9, 2039. The net proceeds from the notes issuances were used to repay borrowings under the Company's $1 billion revolving credit facility.
- On February 17, 2011 the Company issued an additional $400 million under the reopened 6.75% senior notes due November 9, 2039. The net proceeds were used for working capital and general corporate purposes as well as to partially repay borrowings under the revolving credit facility while excess funds are held in cash and cash equivalents.
- In March 2011 Shaw implemented various cost saving initiatives including staff reductions and a review of overhead expenses to drive efficiencies and enhance competitiveness.
- On May 31, 2011 the Company issued 12,000,000 Cumulative Redeemable Rate Reset Preferred Shares, Series A ("Preferred Shares") at a price of $25.00 per Preferred Share for aggregate gross proceeds of $300.0 million. The net proceeds were used for working capital and general corporate purposes while excess funds are held in cash and cash equivalents.
- Shaw recently announced its intent to provide a managed Wi-Fi network that will extend a customer's broadband experience beyond their home.

Revenue and operating expenses

2011 vs. 2010

Consolidated revenue of $4.74 billion for the twelve month period improved 27.5% over the prior 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 twelve month period of $2.03 billion increased 15.4% over last year. The current period benefitted from the acquisition of Shaw Media as well as core revenue related

growth, partially offset by higher programming costs and increased sales and marketing. Employee related costs were up on a full year basis, although benefitting from the restructuring initiatives completed earlier this year. The current period also included the impact of the retroactive support structure rate increases and the prior year benefitted from a one-time CRTC Part II fee recovery of $75.3 million.

Shaw completed its review of the wireless strategic initiative and concluded that the economics as a new entrant would be extremely challenging, even with the Company's established base and considerable strengths and assets. Shaw decided not to pursue a conventional wireless build and instead intends to focus on initiatives that align with leveraging its Media and programming assets and strengthening its leadership position in broadband and video. The Company currently intends to hold its wireless spectrum while it reviews all options.

2010 vs. 2009

Consolidated revenue of $3.72 billion in 2010 improved 9.6% over 2009. The improvement was primarily due to customer growth, including from acquisitions, and rate increases. Consolidated operating income before amortization was up 14.3% over the comparable period to $1.76 billion. The improvement was due to the revenue related growth, partially offset by higher employee related and other costs associated with the increased subscriber base including marketing and sales activities, as well as the impact of the new LPIF fees. The 2010 annual period also benefitted from a one-time CRTC Part II fee recovery. Excluding this one-time recovery, the improvement was 9.4%.

Subscriber growth continued in 2010. Digital customers were up almost 330,000 subscribers increasing digital penetration of Basic to over 70%, up from 57% at August 31, 2009. A significant milestone was also reached in 2010 as the Company surpassed 1,000,000 Digital Phone lines.

Amortization

				Change	
(In $000's Cdn)	**2011**	**2010**	**2009**	**2011 %**	**2010 %**
Amortization revenue (expense) –					
Deferred IRU revenue	**12,546**	12,546	12,547	**–**	–
Deferred equipment revenue	**106,628**	120,639	132,974	**(11.6)**	(9.3)
Deferred equipment costs	**(204,712)**	(228,714)	(247,110)	**(10.5)**	(7.4)
Deferred charges	**(1,025)**	(1,025)	(1,025)	**–**	–
Property, plant and equipment	**(604,214)**	(526,432)	(449,808)	**14.8**	17.0
Other intangibles	**(45,210)**	(33,285)	(30,774)	**35.8**	8.2

Amortization of deferred equipment revenue and deferred equipment costs decreased in 2011 and 2010 due to the sales mix of equipment, changes in customer pricing on certain equipment and the impact of rental programs.

The year over year fluctuations in amortization of property, plant and equipment and other intangibles is due to amortization on new capital investment and the impact of Shaw Media in 2011 partially offset by the impact of assets becoming fully depreciated.

Amortization of financing costs and Interest expense

				Change	
(In $000's Cdn)	2011	2010	2009	2011 %	2010 %
Amortization of financing costs – long-term debt	**4,302**	3,972	3,984	**8.3**	(0.3)
Interest	**331,584**	248,011	237,047	**33.7**	4.6

Interest expense increased in 2011 as a result of the broadcasting business acquisition. Approximately $1 billion was required to complete the transaction including repayment of the CW Media term loan and breakage of related currency swaps. In addition, US $338.3 million 13.5% senior unsecured notes were assumed as part of the acquisition. The Company repurchased US $56 million of the senior unsecured notes in December 2010 and redeemed the remaining outstanding amount on August 15, 2011. Interest expense increased in 2010 as a result of higher average debt levels partially offset by a lower average cost of borrowing resulting from changes in various components of long-term debt.

Other income and expenses

				Increase (decrease) in income	
(In $000's Cdn)	2011	2010	2009	2011	2010
Gain on redemption of debt	**32,752**	–	–	**32,752**	–
Debt retirement costs	**–**	(81,585)	(8,255)	**81,585**	(73,330)
CRTC benefit obligation	**(139,098)**	–	–	**(139,098)**	–
Business acquisition, integration and restructuring costs	**(90,648)**	–	–	**(90,648)**	–
Loss on derivative instruments	**(22,022)**	(45,164)	–	**23,142**	(45,164)
Accretion of long-term liabilities	**(14,975)**	(2,142)	–	**(12,833)**	(2,142)
Foreign exchange gain on unhedged long-term debt	**16,695**	–	–	**16,695**	–
Other gains	**11,022**	5,513	19,644	**5,509**	(14,131)

The gain on redemption of debt is in respect of the Media 13.5% senior unsecured notes. As a result of a change of control triggered on the acquisition of the Media business an offer to purchase all of the US $338.3 million 13.5% senior unsecured notes at a cash price equal to 101% was required. An aggregate US $51.6 million face amount, having an aggregate accrued value of US $56 million, was tendered under the offer and purchased by the Company for cancellation. Also during 2011, the Company elected to redeem the remaining outstanding US $260.4 million face amount, having an aggregate accrued valued of US $282.3 million, at 106.75% as set out under the terms of the indenture. As a result, the Company recorded a gain of $32.8 million which resulted from recognizing the remaining unamortized acquisition date fair value adjustment of $57.4 million partially offset by the 1% repurchase and 6.75% redemption premiums totaling $19.5 million and $5.1 million in respect of the write-off of the embedded derivative instrument associated with the early prepayment option.

During 2010, the Company redeemed all of its outstanding US $440 million 8.25% senior notes due April 11, 2010, US $225 million 7.25% senior notes due April 6, 2011 and US $300 million 7.20% senior notes due December 15, 2011. In connection with the early redemptions, the Company incurred costs of $79.5 million and wrote-off the remaining discount and finance costs of $2.1 million. The Company used proceeds from its $1.25 billion senior notes issuance in early October 2009 to fund the cash requirements for the redemptions.

During 2009, the Company redeemed the Videon CableSystems Inc. $130 million senior debentures. In connection with the early redemption, the Company incurred costs of $9.2 million and wrote-off the remaining unamortized fair value adjustment of $0.9 million. The Company used part of the proceeds from its $600 million senior notes issuance completed in March 2009 to fund the redemption.

As part of the CRTC decision approving the Media acquisition the Company is required to contribute approximately $180 million in new benefits to the Canadian broadcasting system over the next seven years. Most of this contribution will be used to create new programming on Shaw Media services, construct digital transmission towers and provide a satellite solution for OTA viewers whose local television stations do not convert to digital. The fair value of the obligation on the acquisition date of $139.1 million was determined by discounting future net cash flows using a 5.75% discount rate and has been recorded in the income statement.

During the current year, the Company incurred costs in respect of the acquisition of the broadcasting business and organizational restructuring which amounted to $90.6 million. Amounts include acquisition related costs to effect the acquisition, such as professional fees paid to lawyers and consultants. The integration and restructuring costs relate to integrating the new business and increasing organizational effectiveness for future growth as well as package costs for the former CEO of Shaw. 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.

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 during the fourth quarter of 2011. Fiscal 2010 included a loss of $50.1 million which was reclassified from accumulated other comprehensive loss in respect of the cross-currency interest rate exchange agreements that no longer qualified as cash flow hedges when the US senior notes were redeemed in October 2009.

The Company records accretion expense in respect of the discounting of certain long-term liabilities 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.

In conjunction with the acquisition of the broadcasting business, the Company assumed a US $389.6 million term loan and US $338.3 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. During the second quarter, the Company repurchased and cancelled US $51.6 million face amount of the senior secured notes which had an aggregate accrued value of US $56 million. During the fourth quarter, the Company elected to redeem the remaining outstanding US $260.4 million face amount of the senior secured notes, having an aggregate accrued valued of US $282.3 million. As a result of fluctuations of the Canadian dollar relative to the US dollar, a foreign exchange gain was recorded.

Other gains increased in 2011 and decreased in 2010 due to a gain of $10.8 million on cancellation of a bond forward contract in 2009 and amounts realized on disposal of property, plant and equipment.

Equity income (loss) on investees

The Company recorded income of $13.4 million in respect of its 49.9% equity interest in 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 equity income was comprised of approximately $19.6 million of operating income before amortization partially offset by interest expense of $4.5 million and other net costs of $1.7 million. The remaining equity income on investees is in respect of interests in several specialty channels. The $11.3 million loss in the prior year was in respect of the 49.9% equity interest in CW Media for the period May 3 to August 31, 2010. The loss was comprised of approximately $20.8 million of operating income before amortization offset by interest expense of $9.9 million and other costs of $22.2 million, the majority of which were fair value adjustments on derivative instruments and foreign exchange losses on US denominated long-term debt.

Income tax expense

The income tax expense was calculated using current statutory income tax rates of 27.9% for 2011, 29.3% for 2010, and 30.2% for 2009 and was adjusted for the reconciling items identified in Note 15 to the Consolidated Financial Statements. Future income tax recoveries of $17.6 million and $22.6 million related to reductions in corporate income tax rates were recorded in 2010 and 2009, respectively. The significant growth in net income before taxes over the past several years has reduced the Company's tax loss carryforwards and the Company became cash taxable in the latter part of 2009.

Loss from discontinued operations

Shaw completed its review of the wireless strategic initiative and concluded that the economics as a new entrant would be extremely challenging, even with the Company's established base and considerable strengths and assets. As a result, the Company decided to discontinue further construction of its wireless network and has classified all wireless activities as discontinued operations, including restatement of the comparative period. The Company recorded after tax losses of $89.3 million and $1.0 million for 2011 and 2010, respectively. The loss of $89.3 million was comprised of a write-down of assets of $111.5 million, operating expenditures and amortization of $8.3 million and an income tax recovery of $30.5 million.

Earnings per share from continuing operations

(In $000's Cdn except per share amounts)	2011	2010	2009	Change 2011 %	Change 2010 %
Net income from continuing operations attributable to common shareholders	**542,964**	533,776	536,475	**1.7**	(0.5)
Weighted average number of participating shares outstanding during period (000's)	**434,881**	432,675	429,153	**0.5**	0.8
Earnings per share from continuing operations – basic and diluted	**$ 1.24**	$ 1.23	$ 1.25	**0.8**	(1.6)

Net income from continuing operations

Net income from continuing operations was $562.1 million in 2011 compared to $533.8 million in 2010 and $536.5 million in 2009. The year-over-year changes are summarized in the table below.

In 2011 net income from continuing operations increased $28.3 million over the prior year. The current year benefitted from improved operating income before amortization of $270.7 million partially offset by higher interest, amortization, and income taxes of $83.6 million, $80.0 million, and $21.3 million, respectively. The change in net other costs and revenue of $57.5 million also reduced the current year and was primarily due to amounts related to the CRTC benefit obligation and various acquisition, integration and restructuring costs partially offset by debt retirement costs and amounts related to derivative instruments associated with the early redemption of the three series of US senior notes in the prior year. The prior year operating income before amortization included a one-time CRTC Part II fee recovery of $75.3 million which was offset in the current year by amounts related to Shaw Media and growth in the Cable and Satellite divisions.

Net income from continuing operations in 2010 was comparable to 2009. Higher operating income before amortization of $219.5 million, including the aforementioned one-time CRTC Part II fee recovery, was offset by debt retirement costs of $81.6 million, loss on derivative instruments of $45.2 million, higher interest expense of $11.0 million, increased amortization of $73.0 million and a loss on equity investee of $11.3 million.

(In $millions Cdn)	2011	2010
Increased operating income before amortization	**270.7**	219.5
Decreased amortization of deferred equipment costs and revenue and IRU revenue	**10.0**	6.1
Increased amortization of deferred charges, financing costs, property, plant and equipment, and other intangibles	**(90.0)**	(79.1)
Increased interest expense	**(83.6)**	(11.0)
Change in other net costs and revenue[1]	**(57.5)**	(145.9)
Decreased (increased) income taxes	**(21.3)**	7.7
	28.3	(2.7)

(1) Other net costs and revenue include gain on redemption of debt, debt retirement costs, 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 Consolidated Statements of Income and Retained Earnings.

SEGMENTED OPERATIONS REVIEW

CABLE

FINANCIAL HIGHLIGHTS

($000's Cdn)	2011	2010[3]	2009[3]	Change 2011 %	Change 2010 %
Revenue	**3,095,456**	2,931,976	2,635,832	**5.6**	11.2
Operating income before amortization[1]	**1,491,700**	1,453,429	1,267,937	**2.6**	14.6
Capital expenditures and equipment costs (net)	**708,817**	757,085	694,084	**(6.4)**	9.1
Free cash flow before the following	**782,883**	696,344	573,853	**12.4**	21.3
Less:					
Interest	**(231,678)**	(213,898)	(209,438)	**8.3**	2.1
Cash taxes	**(163,600)**	(136,000)	(23,300)	**20.3**	>100
Other adjustments:					
Non-cash stock-based compensation	**13,319**	16,210	–	**(17.8)**	100.0
Free cash flow[1]	**400,924**	362,656	341,115	**10.6**	6.3
Operating margin[1][2]	**48.2%**	47.9%	48.1%	**0.3**	(0.2)

(1) See key performance drivers on page 20.
(2) Operating margin is adjusted to exclude the one-time CRTC Part II recovery for 2010. Including the one-time CRTC Part II recovery, the operating margin would be 49.6%.
(3) The presentation of segmented free cash flow has been adjusted to reflect on a gross basis intersegment transactions. As a result, for 2010 revenue has increased by $4,565 (2009 – $4,850) and operating income before amortization and free cash flow have decreased by $3,398 (2009—$3,342).

2011 vs. 2010

OPERATING HIGHLIGHTS

- Cable revenue and operating income before amortization of $3.10 billion and $1.49 billion, respectively, improved 5.6% and 6.2% over last year, excluding the one-time Part II fee recovery.
- Digital customers increased 166,369 during the year to 1,819,388 and penetration of Basic is now 79.5%, up from 70.7% and 56.7% at August 31, 2010 and 2009, respectively.

- Digital Phone lines increased 136,534 to 1,233,041 lines and Internet was up 54,217 to total 1,877,231 as at August 31, 2011. During the year Basic cable subscribers decreased 50,988.
- On June 30 the Company closed the acquisition of the cable system assets of Sun Country Cablevision Inc. located in the central interior of British Columbia.

Cable revenue for 2011 of $3.10 billion improved 5.6% over the prior year. The growth was driven by rate increases and customer growth in Digital Phone and Internet partially offset by lower Basic subscribers and higher promotional activity.

Operating income before amortization of $1.49 billion increased 6.2% over last year excluding the prior period one-time CRTC Part II fee recovery of $48.7 million. The improvement was driven by revenue related growth partially offset by increased employee related costs, programming, and marketing and sales expenses. The current period was also impacted by the CRTC decision approving a retroactive rate increase in support structure charges by ILECs and included the impact of the retroactive increase and ongoing higher costs.

On June 30 the Company closed the acquisition of the cable system assets of Sun Country Cablevision Inc. located in the central interior of British Columbia adding approximately 6,500 Basic cable customers, including 2,100 Digital subscribers, as well as 4,000 Internet subscribers. These assets represent a complementary growth opportunity and will provide synergies with existing operations.

As at August 31, 2011 Shaw had 1,877,231 Internet customers which represents an 82% penetration of Basic. Shaw recently announced its intent to provide a managed Wi-Fi network that will extend a customer's broadband experience beyond their home. Wi-Fi is in virtually all portable consumer devices and customers are actively seeking Wi-Fi hotspots to reduce data costs and improve their wireless broadband experience. Shaw, working with Cisco, will become the first service provider in Canada to deliver secure, reliable wireless broadband in thousands of locations. During the year the Company also commenced construction of a new data centre in Calgary that will allow it to stay ahead of the technology curve and be able to handle new innovations as they come, such as the Wi-Fi network initiative. The data centre will incorporate energy efficient cooling systems allowing Shaw to reduce the environmental impact. The centre is planned to be complete in the spring of 2014.

As part of the new Internet offerings, Shaw is undergoing a major network upgrade in converting the television analog tiers to digital (the DNU). The network upgrade will significantly increase the Digital customer footprint and provide increased capacity for HD and On Demand programming. During the year the Company also launched the Shaw Gateway, the new standard in connected entertainment that combines the delivery of shared PVR, On Demand entertainment and home networking capability that will allow customers to share pictures and content from their computer onto their television.

Also during 2011 Shaw launched the Shaw Plan Personalizer enabling customers to customize their home entertainment service needs and receive everyday value. Customers can start with a core home entertainment and communications package that includes Extreme Internet, Personal TV, hardware options and Personal Home Phone Basic and then customize the plan to how they want it. Shaw is continuing to evolve to meet customers' needs.

2010 vs. 2009

OPERATING HIGHLIGHTS

- Shaw's Digital subscriber base continued to grow adding 328,841 new customers.
- Digital Phone lines increased 234,402 during 2010 to 1,096,306 lines and Internet was up 110,012 to total 1,818,347 as at August 31, 2010. Basic cable subscribers were up 2,410.
- During 2010 the Company completed the acquisition of Mountain Cablevision operating in Hamilton, Ontario adding approximately 41,000 Basic cable customers, including 24,000 Digital subscribers, 30,000 Internet subscribers, and 32,000 Digital Phone lines.

Cable revenue improved 11.3% to $2.93 billion over 2009. Customer growth, including acquisitions, and rate increases accounted for the improvement. Operating income before amortization of $1.45 billion increased 14.6%. The increase was mainly due to the revenue driven improvements, partially offset by higher employee related and other costs associated with growth including marketing and sales activities as well as the impact of the LPIF fees. A one-time Part II fee recovery of $48.7 million in 2010 also contributed to the increase. Excluding the recovery, the annual improvement was 10.8%.

Shaw's Digital Phone footprint continued to expand with launches during 2010 in various smaller centres including Campbell River, Winfield, Kimberly and Fernie, all in British Columbia as well as in Stoney Plain and in the surrounding areas of Lethbridge, all in Alberta. The Digital Phone service was launched in Calgary in February 2005 and since that time the footprint has expanded to reach over 95% of Basic customers. During 2010 Shaw achieved record Digital Phone growth and also surpassed a significant milestone of 1,000,000 Digital Phone lines.

During 2010 Shaw also launched its broadband VOD Player allowing customers to experience the convenience of watching their favorite movies and television shows when and where they want. Shaw continued to grow its Digital customer base and Digital penetration of Basic at August 31, 2010 was 70.7%, up from 56.7% and 40.5% at August 31, 2009 and 2008, respectively.

The Company strives to offer leading edge products and services and during 2010 prepared for limited trials of Gigabit Internet, a technology that is delivered over FTTP and is significantly faster than Shaw's High-Speed Nitro service. High-Speed Nitro offers speeds of 100 Mbps per second and was launched late in 2009. It was available in over 85% of the cable footprint.

CAPITAL EXPENDITURES AND EQUIPMENT COSTS (NET) – CABLE

(In $000's Cdn)	2011	2010	2009	Change 2011 %	Change 2010 %
Capital expenditures and equipment costs (net):					
New housing development[1]	**88,066**	78,451	73,676	**12.3**	6.5
Success-based[2]	**206,897**	222,246	185,469	**(6.9)**	19.8
Upgrades and enhancement[3]	**277,543**	289,421	297,651	**(4.1)**	(2.8)
Replacement[4]	**47,371**	66,393	55,798	**(28.7)**	19.0
Buildings and other	**88,940**	100,574	81,490	**(11.6)**	23.4
	708,817	757,085	694,084	**(6.4)**	9.1

Capital expenditure categories listed above include:

(1) Build out of mainline cable and the addition of drops in new subdivisions.
(2) Capital and equipment costs (net) related to the acquisition of new customers, including installation of internet and digital phone modems, DCTs, filters and commercial drops for Shaw Business customers.
(3) Upgrades to the plant and build out of fibre backbone to reduce use of leased circuits and costs to decrease node size and Digital Phone capital.
(4) Normal replacement of aged assets such as drops, vehicles and other equipment.

2011 vs. 2010

Total capital investment of $708.8 million decreased $48.3 million compared to 2010. Success based capital declined $15.3 million mainly due lower purchases of digital phone customer premise equipment.

Investment in Upgrades and enhancement and Replacement categories combined decreased $30.9 million compared to last year. The current period included investment in the digital network upgrade which was more than offset by lower spending on Digital Phone infrastructure, Video enhancements, and automotive as compared to last year.

Buildings and other decreased $11.6 million compared to the prior year mainly due to reduced investment in various facilities projects. The current year also benefitted from proceeds on the sale of redundant real estate while the comparable period included increased investment in certain corporate assets. These favorable variances were partially offset by higher spend related to back office and customer support systems in the current period.

Spending in new housing development increased $9.6 million over the comparable period mainly due to higher activity as well as bulk stock purchasing in the current year.

2010 vs. 2009

Capital investment for 2010 of $757.1 million was up $63.0 million over 2009.

Success-based capital increased $36.8 million over the comparable period. Digital success-based capital was up primarily due to increased rental activity, primarily HD rentals. Internet

success-based capital also increased mainly due to the deployment of higher cost Internet modems related to the launch of the DOCSIS 2.0 and 3.0 integrated Wi-Fi modems.

Investment in Upgrades and enhancement and Replacement categories combined was comparable to 2009. Shaw continued to invest in technology initiatives to recapture bandwidth and optimize its network, including increasing the number of nodes on the network and using advanced encoding and digital compression technologies such as MPEG4.

Investment in Buildings and Other was up $19.1 million over the prior year. The increase was mainly due to proceeds that benefitted the prior year related to the sale of certain redundant facilities.

SUBSCRIBER STATISTICS

				2011		2010	
	2011	2010(1)	2009(1)	Growth	Change %	Growth	Change %
CABLE:							
Basic subscribers	**2,289,775**	2,340,763	2,338,353	**(50,988)**	**(2.2)**	2,410	0.1
Penetration as a % of homes passed	**59.0%**	61.4%	62.9%				
Digital customers	**1,819,388**	1,653,019	1,324,178	**166,369**	**10.1**	328,841	24.8
INTERNET:							
Connected and scheduled installations	**1,877,231**	1,823,014	1,713,002	**54,217**	**3.0**	110,012	6.4
Penetration as % of basic	**82.0%**	77.9%	73.3%				
Stand-alone Internet not included in basic cable	**217,068**	234,877	240,428	**(17,809)**	**(7.6)**	(5,551)	(2.3)
DIGITAL PHONE:							
Number of lines (2)	**1,233,041**	1,096,507	862,105	**136,534**	**12.5**	234,402	27.2

(1) August 31, 2010 and August 31, 2009 figures are restated for comparative purposes as if the acquisition of several cable systems in British Columbia had occurred on that date.
(2) Represents primary and secondary lines on billing plus pending installs.

SATELLITE (DTH and Satellite Services)

FINANCIAL HIGHLIGHTS

($000's Cdn)	2011	2010[4]	2009[4]	Change 2011 %	Change 2010 %
DTH (Shaw Direct)	**745,350**	721,952	684,831	**3.2**	5.4
Satellite Services	**82,181**	82,600	90,205	**(0.5)**	(8.4)
Revenue	**827,531**	804,552	775,036	**2.9**	3.8
Operating income before amortization[1]					
DTH (Shaw Direct)	**245,176**	264,914	223,341	**(7.5)**	18.6
Satellite Services	**42,391**	41,804	49,331	**1.4**	(15.3)
	287,567	306,718	272,672	**(6.2)**	12.5
Capital expenditures and equipment costs (net):					
Success-based	**75,927**	77,684	73,453	**(2.3)**	5.8
Transponders	**24,500**	–	–	**100.0**	–
Buildings and other	**6,396**	7,927	8,008	**(19.3)**	(1.0)
	106,823	85,611	81,461	**24.8**	(5.1)
Free cash flow before the following	**180,744**	221,107	191,211	**(18.3)**	15.6
Less:					
Interest [2]	**(25,952)**	(26,251)	(26,251)	**(1.1)**	–
Cash taxes on net income	**(51,400)**	(44,000)	–	**16.8**	100.0
Other adjustments:					
Non-cash stock-based compensation	**1,370**	1,628	–	**(15.8)**	100.0
Free cash flow[1]	**104,762**	152,484	164,960	**(31.3)**	(7.6)
Operating margin[3]	**34.7%**	34.8%	35.2%	**(0.1)**	(0.4)

(1) See key performance drivers on page 20.

(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 Satellite Services and Shaw Direct.

(3) Operating margin is adjusted to exclude the one-time CRTC Part II fee recovery in 2010. Including the one-time CRTC Part II recovery, operating margin would be 38.1%.

(4) The presentation of segmented free cash flow has been adjusted to reflect on a gross basis intersegment transactions. As a result, for 2010 revenue has increased by $14,383 (2009 – $15,105) and operating income before amortization and free cash flow have increased by $3,398 (2009 – $3,342).

SUBSCRIBER STATISTICS

	2011	2010	2009
Shaw Direct customers [1]	**908,883**	905,796	900,941

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

2011 vs. 2010

OPERATING HIGHLIGHTS

- Satellite revenue of $827.5 million improved 2.9% over the comparable period
- Operating income before amortization of $287.6 million improved 2.6%, excluding the one-time Part II fee recovery last year
- Free cash flow for the year was $104.8 million

Revenue of $827.5 million for 2011 was up 2.9% over last year. The improvement was primarily due to customer rate increases. Operating income before amortization, excluding the one-time Part II fee recovery of $26.6 million, improved 2.6%.

Total capital investment of $106.8 million increased over last year primarily due to the payment to Telesat in the current period related to the new Anik G1 satellite under construction. Shaw Direct has entered into agreements with Telesat to acquire capacity on the new satellite expected to be available early in fiscal 2013. The capacity will provide bandwidth for expanded customer choice, including new HD and other advanced services. Customer satellite dishes recently began to be deployed with new outdoor equipment which will be capable of receiving signals from three satellites, including Anik G1.

During 2011, Shaw Direct also launched a new entry level HD receiver. With this addition, all new receivers are HD and MPEG-4 technology capable which allows for additional channels to be added with existing satellite capacity.

2010 vs. 2009

OPERATING HIGHLIGHTS

- During 2010 Shaw Direct added 4,855 customers and as at August 31, 2010 DTH customers total 905,796.
- Free cash flow of $152.5 million for 2010 compares to $165.0 million in 2009.
- In March 2010 Shaw Direct entered into agreements with Telesat to acquire capacity on a new satellite expected to be available late in calendar 2012.

Revenue of $804.6 million for 2010 was up 3.8% over the comparable year. The improvement was primarily due to rate increases and customer growth the total of which was partially offset by lower revenues in the Satellite services division related to various contract renegotiations.

Operating income before amortization improved 12.5% over the comparable twelve month period to $306.7 million. The improvement was due to revenue related growth partially offset by LPIF costs. The 2010 period included a one-time Part II fee recovery of $26.6 million. Excluding the recovery, the annual improvement was 2.7%.

Total capital investment of $85.6 million increased over the prior year spend of $81.5 million. Success based capital was higher mainly due to increased activations as well as lower customer pricing.

Shaw Direct continually strives to deliver an exceptional customer experience through leading technology, innovative programming and high quality customer service. During 2010 Shaw Direct introduced a new HD PVR with advanced features and launched a number of HD channels including CNN HD and Global Toronto HD. At August 31, 2010 Shaw Direct offered 65 HD channels to its 395,000 HD customers.

MEDIA

FINANCIAL HIGHLIGHTS

($000's Cdn)	October 27, 2010 to August 31, 2011 [3]
Revenue	890,913
Operating income before amortization [1]	251,561
Capital expenditures:	
Broadcast and transmission	15,107
Buildings/other	11,953
	27,060
Free cash flow before the following	224,501
Less:	
Interest [2]	(53,237)
Cash taxes	(24,600)
Other adjustments:	
Non-cash stock-based compensation	842
CRTC benefit obligation funding	(30,357)
Non-controlling interests	(19,808)
Free cash flow [1]	97,341
Operating margin [1]	28.2%

(1) See key performance drivers on page 20.

(2) Interest includes an allocation to the Media division based on the cost of debt incurred by the Company to repay Media debt.

(3) On October 27, 2010, the Company completed the acquisition of 100% of the broadcasting businesses of Canwest. The acquisition included all of the OTA channels and the specialty television business, including Canwest's equity interest in CW Media.

OPERATING HIGHLIGHTS

- On October 27, 2010 Shaw completed the final steps in its purchase of all of the broadcasting assets of Canwest. Collectively these assets, including the Global Television Network and over 20 Specialty services, form Shaw Media, a new division of Shaw.
- The aggregate purchase price for the Canwest broadcasting assets, including the amounts paid to acquire the shares of CW Media from affiliates of Goldman Sachs Capital Partners and the debt assumed at CW Media, was approximately $2.0 billion.

The Media assets generate the majority of their revenue from advertising sales and subscription based services. The acquisition of the assets was completed at an attractive point in time of the economic cycle, Canwest was operating under creditor protection and had undergone a restructuring process in advance of Shaw's acquisition. Significant costs had been removed from the business and assets had been rationalized, including closure of the E! channel. Considering the improving economic conditions within Canada and the restructuring process that Canwest had undertaken, Shaw was positioned to benefit from these assets as the economy and advertising market improved.

As part of the CRTC decision approving the acquisition, Shaw is required to contribute approximately $180.0 million in new benefits to the broadcasting system over the next seven years. Most of this contribution will be used to create new programming on Shaw Media services, construct digital transmission towers and provide a satellite solution for over-the-air viewers whose local television stations do not convert to digital. Shaw will also continue to fund the remaining CRTC benefit obligation of approximately $95.0 million, as at October 27, 2010, related to the Canwest purchase of Specialty services from Alliance Atlantis in 2007.

Revenue and operating income before amortization for the period from October 27, 2010 to August 31, 2011 was $890.9 million and $251.6 million, respectively. For informational purposes, on a comparative basis to last year, Media revenues for the current full twelve month period were up approximately 7%, and operating income before amortization, excluding the one-time Part II fee recovery last year, increased almost 25%. The annual improvement was due to higher revenues mainly driven by the strengthening of the advertising market.

During 2011 Global performed well, with Big Brother returning for its thirteenth season and consistently holding a top 10 position. In addition, Combat Hospital was the top ranked Canadian drama this summer and Media's specialty channels continued to have a strong presence in the rankings.

During the year, in an innovative way for customers to access content whenever and wherever they want, Shaw released its Global App for the iPad. It was the number one free download on the Canadian App Store during the entire first week of launch. The Global App for iPad offers viewers another exciting way to access the network's blockbuster library of premium content, including full episodes of House, The Good Wife, NCIS: LA, The Office, Rookie Blue and Survivor.

Media was successful in renegotiating 4 collective bargaining agreements covering over 1,000 unionized employees, the majority of which had been out of contract for 4 to 5 years. A fair and equitable solution for both business and the unionized employees was reached and the new agreements have been ratified.

Capital investment since acquisition included the conversion of transmitters from analog to digital in the CRTC mandated markets, upgrades of aging production equipment and improvements to network infrastructure and websites. After closing the acquisition the integration of various back-office infrastructure commenced and was substantially complete at August 31, 2011.

IV. FINANCIAL POSITION

Total assets at August 31, 2011 were $12.5 billion compared to $10.2 billion at August 31, 2010. Following is a discussion of significant changes in the consolidated balance sheet since August 31, 2010.

Current assets increased $666.8 million primarily due to increases in cash and cash equivalents of $226.7 million, accounts receivable of $246.4 million, inventories of $43.1 million, other current assets of $202.9 million and assets held for sale of $15 million, all of which were partially offset by a decrease in derivative instruments of $65.2 million. Cash and cash equivalents increased as the net funds provided by operating and financing activities, including proceeds from the issuance of $1.3 billion of senior notes and $300.0 million Preferred Shares, exceeded the cash outlays on capital expenditures and the broadcasting business acquisition and the cash requirements of the wireless build prior to being discontinued. Accounts receivable and other current assets were up primarily as a result of the Media acquisition while inventories were higher due to increased equipment purchases. Assets held for sale of $15 million arose due to the decision to cease further construction of a wireless network. Derivative instruments decreased due to settlement of the contracts.

Investments and other assets decreased $730 million due to the acquisition of remaining equity interest in CW Media which is now consolidated as a 100% owned subsidiary and expensing of acquisition related costs partially offset by investments in several specialty channels purchased in the Media acquisition.

Property, plant and equipment and other intangibles increased $195.6 million and $72.8 million, respectively as current year capital investment and amounts acquired on the Media acquisition exceeded amortization and the impact of the Company's decision to cease further construction of its wireless network which resulted in a write-down of $111.5 million and reclassification of $16 million to assets held for sale.

Future income taxes of $21.8 million arose due to timing of temporary differences.

Other long-term assets increased $24.9 million primarily due to higher deferred equipment costs and prepaid maintenance and support contracts.

Broadcast rights and licenses, and goodwill increased $1.4 billion and $645.7 million, respectively, primarily due to the Media acquisition. Program rights of $67.1 million also arose due to the acquisition.

Current liabilities were up $111.8 million due to increases in accounts payable of $171.9 million, other liability of $161.3 million and unearned revenue of $9.1 million partially offset by decreases in income taxes payable of $158.2 million and derivative instruments of $72.2 million. Accounts payable and accrued liabilities increased primarily due to the impact of the Media acquisition. Unearned revenue increased due to rate increases and customer growth. Income taxes payable decreased due to funding income tax amounts partially offset by current year tax expense and amounts assumed on the Media acquisition. Derivative instruments decreased due to the end of swap notional exchange relating to an outstanding cross-currency interest rate agreement partially offset by reclassifying amounts from non-current liabilities based on settlement dates. The other liability is the obligation in respect of the principal component of the US $300 million amended cross-currency interest rate agreements which has been reclassified from noncurrent liabilities as it settles in December 2011.

Long-term debt increased $1.3 billion as a result of the issuance of $900 million senior notes in December 2010 and $400 million in February 2011. Approximately $1 billion was required to complete the Media acquisition during the first quarter. The acquisition was initially funded through borrowings under the Company's revolving credit facility which were subsequently repaid primarily with the net proceeds from the $900 million senior notes offerings.

Other long-term liabilities were up $59.6 million mainly due to the non-current portion of CRTC benefit obligations and benefit plans as a result of the Media acquisition as well as current year defined benefit pension plan expense partially offset by the aforementioned reclassification of the obligation in respect of the principal component of the US $300 million amended cross-currency interest rate agreements.

Derivatives decreased $6.5 million as amounts have been reclassified to current liabilities based on settlement dates.

Future income taxes increased $247.5 million primarily due to the Media acquisition partially offset by current year tax recovery in respect of discontinued operations.

Share capital increased $383 million due to the issuance of 12,000,000 Preferred Shares for net proceeds of $290.9 million as well as issuance of 4,594,347 Class B Non-Voting Shares under the Company's option plan and Dividend Reinvestment Plan ("DRIP") for $89.8 million. As of November 22, 2011, share capital is as reported at August 31, 2011 with the exception of the issuance of 1,208,779 Class B Non-Voting Shares under the DRIP and upon exercise of options subsequent to year end. Contributed surplus increased due to stock-based compensation expense recorded in the current year. Accumulated other comprehensive income decreased due settlement of the forward purchase contracts in respect of the closing of the acquisition of the broadcasting business. Non-controlling interests arose in the current year due to a number of non-wholly owned specialty channels acquired as part of the Media acquisition.

V. CONSOLIDATED CASH FLOW ANALYSIS

Operating activities

				Change	
(In $000's Cdn)	**2011**	**2010**	**2009**	**2011 %**	**2010 %**
Funds flow from continuing operations	**1,443,179**	1,376,799	1,323,840	**4.8**	4.0
Net decrease (increase) in non-cash working capital balances related to continuing operations	**(201,528)**	81,852	59,090	**>(100.0)**	38.5
	1,241,651	1,458,651	1,382,930	**(14.9)**	5.5

Funds flow from continuing operations increased in 2011 over 2010 due to the combined impact of higher operating income before amortization adjusted for non-cash program rights expenses partially offset by higher interest expense, funding of CRTC benefit obligations, the realized loss on the mark-to-market payments to terminate the cross-currency interest rate exchange agreements in conjunction with repayment of the CW Media term loan, higher current income taxes and the acquisition, integration and restructuring costs in the current year. In 2010, funds flow from continuing operations increased due to growth in operating income before amortization partially offset by higher current income tax expense.

The year-over-year net change in non-cash working capital balances is primarily due to the seasonal advertising impact of the new Media division on accounts receivable in 2011, the timing of payment of accounts payable and accrued liabilities and current taxes payable.

Investing activities

				Decrease (Increase)	
(In $000's Cdn)	**2011**	**2010**	**2009**	**2011**	**2010**
Cash flow used in investing activities	**(1,349,874)**	(1,713,839)	(966,716)	**363,965**	(747,123)

The cash required for investing activities in 2011 decreased over the prior year due to the cash outlay of $744.1 million in 2010 in respect of the Company's initial investment in CW Media and the Mountain Cable acquisition partially offset by amounts paid to complete the acquisition of the media business and higher capital expenditures and inventories in the current year.

Cash requirements were higher in 2010 due to the aforementioned initial investment in CW Media and the Mountain Cablevision acquisition partially offset by the final cash outlay of $152.5 million in 2009 in respect of deposits for the wireless spectrum licenses.

Financing activities

The changes in financing activities during the years were as follows:

(In millions Cdn)	2011	2010	2009
Issuance of Cdn $500 million 5.50% senior notes	**498.2**	–	–
Issuance of Cdn $800 million 6.75% senior notes	**778.9**	–	–
Issuance of Preferred Shares	**300.0**	–	–
Issuance of Cdn $1.25 billion 5.65% senior notes	**–**	1,246.0	–
Issuance of Cdn $650 million 6.75% senior notes	**–**	645.6	–
Issuance of Cdn $600 million 6.50% senior notes	**–**	–	598.2
Senior notes and Preferred Shares issuance costs	**(17.3)**	(10.1)	(4.6)
Repayment of CW Media US $389.6 million term loan	**(394.9)**	–	–
Redemption of CW Media US $338.3 13.5% senior notes	**(333.9)**	–	–
Redemption of US $440 million 8.25% senior notes	**–**	(465.5)	–
Redemption of US $225 million 7.25% senior notes	**–**	(238.1)	–
Redemption of US $300 million 7.20% senior notes	**–**	(312.6)	–
Payments on cross-currency agreements	**–**	(291.9)	–
Repayment of Videon CableSystems Inc. 8.15% senior debentures	**–**	–	(130.0)
Bank loans and bank indebtedness – net repayments	**–**	–	(99.2)
Purchase of Class B Non-Voting Shares for cancellation	**–**	(118.1)	(33.6)
Dividends paid to common shareholders	**(352.0)**	(372.1)	(351.9)
Distributions paid to non-controlling interests	**(21.9)**	–	–
Debt retirement costs	**–**	(79.5)	(9.2)
Senior notes prepayment premium	**(19.5)**	–	–
Proceeds on bond forward contracts	**–**	–	10.8
Issuance of Class B Non-Voting Shares	**45.9**	47.1	57.0
Repayment of Partnership debt	**(0.6)**	(0.5)	(0.5)
Cash flow provided by financing activities	**482.9**	50.3	37.0

VI. LIQUIDITY AND CAPITAL RESOURCES

In the current year, the Company generated $603.0 million of free cash flow. Shaw used its free cash flow along with net proceeds of $1.27 billion from its three senior notes issuances, net proceeds of $290.9 million from its Preferred Share issuance, proceeds on issuance of Class B Non-Voting Shares of $45.9 million and other net items of $23.2 million to pay $981.2 million to complete the broadcasting business acquisition including repayment of the CW Media term loan and breakage of related currency swaps, fund the net change in working capital requirements of approximately $218.2 million, pay common share dividends of $352.0 million, fund cash requirements of the wireless discontinued operations of $148.0 million, pay $353.4 million to redeem the Media senior unsecured notes including the prepayment premium, purchase cable systems for $35.7 million and increase cash and cash equivalents by $143.6 million.

Within thirty days of closing of the Media acquisition, a subsidiary of CW Media was required to make a change of control offer at a cash price equal to 101% of the obligations under the US 13.5% senior unsecured notes due 2015 issued by it in accordance with a related indenture dated as of July 3, 2008. As a result, on November 15, 2010, an offer was made to purchase all of the notes for an effective purchase price of US $1,145.58 for each US $1,000 face amount. An aggregate of US $51.6 million face amount was tendered under the offer and purchased by the Company for cancellation for an aggregate price of approximately $60 million, including accrued interest. During the fourth quarter, the Company elected to redeem the remaining outstanding US $260.4 million face amount, having an aggregate accrued valued of US $282.3 million, at 106.75% as set out under the terms of the indenture at an effective purchase price of US $1,230.70 for each US $1,000 face amount.

To allow for timely access to capital markets, the Company filed a short form base shelf prospectus with securities regulators in Canada and the U.S. on November 18, 2010. The shelf prospectus allows for the issue of up to an aggregate $4 billion of debt and equity securities over a 25 month period. Pursuant to this shelf prospectus, the Company issued $300.0 million of Preferred Shares and completed three senior notes offerings totalling $1.3 billion as follows:

- On May 31, 2011 the Company issued 12,000,000 Preferred Shares at a price of $25.00 per share for aggregate gross proceeds of $300.0 million. The net proceeds were used for working capital and general corporate purposes while excess funds are being held in cash and cash equivalents. Holders of the Preferred Shares are entitled to receive, as and when declared by the Company's board of directors, a cumulative quarterly fixed dividend yielding 4.50% annually for the initial period ending June 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the then current 5-year Government of Canada bond yield plus 2.00%. Holders of Preferred Shares will have the right, at their option, to convert their shares into Cumulative Redeemable Floating Rate Preferred Shares, Series B (the "Series B Preferred Shares"), subject to certain conditions, on June 30, 2016 and on June 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive cumulative quarterly dividends, as and when declared by the Company's board of directors, at a rate set quarterly equal to the then current three-month Government of Canada Treasury Bill yield plus 2.00%.
- On December 7, 2010 the Company issued $500 million senior notes at a rate of 5.5% due December 7, 2020 and issued an additional $400 million under the reopened 6.75% senior notes due November 9, 2039. The effective rate on the $500 million senior notes and $400 million senior notes is 5.548% and 6.963%, respectively, due to discounts on the issuances. The net proceeds from the notes issuances were used to repay borrowings under the Company's $1 billion revolving credit facility. In conjunction with the senior notes issuances, the unsecured $500 million revolving credit facility was cancelled. No amounts had been drawn under this facility.
- On February 17, 2011 the Company issued an additional $400 million under the reopened 6.75% senior notes due November 9, 2039. The effective rate is 6.961% due to the discount on issuance. The net proceeds were used for working capital and general corporate purposes as well as to partially repay borrowings under the revolving credit facility while excess funds are held in cash and cash equivalents.

The Company's DRIP allows holders of Class A Shares and Class B Non-Voting Shares who are residents of Canada to automatically reinvest monthly cash dividends to acquire additional Class B Non-Voting Shares. During the year, the Company announced that the Class B Non-Voting Shares distributed under its DRIP would be new shares issued from treasury at a 2% discount from the 5 day weighted average market price immediately preceding the applicable dividend payment date. Previously, the Class B Non-Voting Shares were acquired on the open market at prevailing market prices. The change was effective for the May 30, 2011 dividend payment and to August 31, 2011 has resulted in cash savings and incremental Class B Non-Voting Shares of $39.4 million.

On November 25, 2010 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 37,000,000 Class B Non-Voting Shares during the period December 1, 2010 to November 30, 2011. No shares were repurchased during the current year.

At August 31, 2011, the Company held $443.4 million in cash and cash equivalents and had access to $1 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 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.

Debt structure

Shaw structures its borrowings generally on a stand-alone basis. The borrowings of Shaw are unsecured. While certain non-wholly owned subsidiaries are subject to contractual restrictions which may prevent the transfer of funds to Shaw, there are no similar restrictions with respect to wholly-owned subsidiaries of the Company.

Shaw's borrowings are subject to covenants which include maintaining minimum or maximum financial ratios. At August 31, 2011, Shaw is in compliance with these covenants and based on current business plans, the Company is not aware of any condition or event that would give rise to non-compliance with the covenants over the life of the borrowings.

Off-balance sheet arrangement and guarantees

Guarantees

Generally it is not the Company's policy to issue guarantees to non-controlled affiliates or third parties; however, it has entered into certain agreements as more fully described in Note 17 to the Consolidated Financial Statements. As disclosed thereto, Shaw believes it is remote that these agreements would require any cash payment.

Contractual obligations

The amounts of estimated future payments under the Company's contractual obligations at August 31, 2011 are detailed in the following table.

CONTRACTUAL OBLIGATIONS

	Payments due by period				
(In $000's Cdn)	Total	Within 1 year	2 – 3 years	4 – 5 years	More than 5 years
Long-term debt (1)	9,428,435	331,820	2,009,340	776,501	6,310,774
Operating obligations (2)	2,052,968	616,542	550,356	393,684	492,386
Purchase obligations (3)	45,273	19,723	25,550	–	–
Other long-term obligations (4)	253,211	14,131	41,575	55,122	142,383
	11,779,887	982,216	2,626,821	1,225,307	6,945,543

(1) Includes principal repayments and interest payments.

(2) Includes maintenance and lease of satellite transponders, program related agreements, lease of transmission facilities and lease of premises.

(3) Includes capital expenditure and inventory purchase commitments.

(4) Includes expected payments primarily in respect of defined benefit plans and program rights.

VII. ADDITIONAL INFORMATION

Additional information relating to Shaw, including the Company's Annual Information Form dated November 29, 2011, can be found on SEDAR at www.sedar.com.

VIII. COMPLIANCE WITH NYSE CORPORATE GOVERNANCE LISTING STANDARDS

Disclosure of the Company's corporate governance practices which differ from the New York Stock Exchange ("NYSE") corporate governance listing standards are posted on Shaw's website, www.shaw.ca (under Investors/Corporate Governance/Compliance with NYSE Corporate Governance Listing Standards).

IX. CERTIFICATION

The Company's Chief Executive Officer and Chief Financial Officer have filed certifications regarding Shaw's disclosure controls and procedures and internal control over financial reporting.

As at August 31, 2011, the Company's management, together with its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of each of the Company's disclosure controls and procedures and internal control over financial reporting. Based on these evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures and the Company's internal control over financial reporting are effective.

As permitted by SEC guidance, management has excluded the Media segment from this evaluation of the system of internal control over financial reporting. Shaw completed the purchase of 100% of the Media segment on October 27, 2010. Additional information regarding this acquisition is included in Note 2 to the consolidated financial statements. The Media segment had assets and revenues representing approximately 23% and 19%, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, 2011. Further information on the Media segment is included in Note 16 to the consolidated financial statements. The Media segment will be included in management's evaluation of internal controls over financial reporting for the fiscal year ended August 31, 2012.

There were no changes in the Company's internal controls over financial reporting during the fiscal year that have materially affected or are reasonably likely to materially affect Shaw's internal controls over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Shaw Communications Inc.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

November 29, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Shaw Communications Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements.

Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. The internal control system includes an internal audit function and an established business conduct policy that applies to all employees. Management believes that the systems provide reasonable assurance that transactions are properly authorized and recorded, financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and its directors are unrelated and independent. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and, to review the annual report, the financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

Shaw Communications Inc.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any of the effectiveness of internal control are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as at August 31, 2011.

As permitted by SEC guidance, management has excluded the Media segment from this evaluation of the system of internal control over financial reporting. Shaw completed the purchase of 100% of the Media segment on October 27, 2010. Additional information regarding this acquisition is included in Note 2 to the consolidated financial statements. The Media segment had assets and revenues representing approximately 23% and 19%, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, 2011. Further information on the Media segment is included in Note 16 to the consolidated financial statements. The Media segment will be included in management's evaluation of internal controls over financial reporting for the fiscal year ended August 31, 2012.

[Signed]

Brad Shaw
Chief Executive Officer

[Signed]

Steve Wilson
Senior Vice President and
Chief Financial Officer

Shaw Communications Inc.
INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Shaw Communications Inc.

We have audited the accompanying consolidated financial statements of Shaw Communications Inc., which comprise the Consolidated Balance Sheets as at August 31, 2011 and 2010 and the Consolidated Statements of Income and Retained Earnings, Comprehensive Income and Accumulated Other Comprehensive Income (Loss), and Cash Flows for each of the years in the three-year period ended August 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of Shaw Communications Inc. as at August 31, 2011 and 2010, and the results of its operations and its cash flows for each of the years in the three-year period ended August 31, 2011 in accordance with Canadian generally accepted accounting principles.

Other Matter

As explained in Note 1 to the Consolidated Financial Statements in 2011 the Company adopted the requirements of the Canadian Institute of Chartered Accountants Handbook Section 1582 "Business Combinations", section 1601 "Consolidated financial statements", section 1602 "Non-controlling interests" and in 2010 adopted Section 3064 "Goodwill and Intangible Assets".

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Shaw Communications Inc.'s internal control over financial reporting as of August 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 29, 2011 expressed an unqualified opinion on Shaw Communications Inc.'s internal control over financial reporting.

November 29, 2011
Calgary, Canada

Chartered Accountants

Shaw Communications Inc.
Independent Auditors' Report on Internal Controls

Under Standards of the Public Company Accounting Oversight Board (United States)

To the Shareholders of
Shaw Communications Inc.

We have audited Shaw Communications Inc.'s internal control over financial reporting as at August 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Shaw Communications Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Shaw Communications Inc.'s Management Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Shaw Media, which is included in the August 31, 2011 consolidated financial statements of Shaw Communications Inc. and constituted $2,830,944,000 of total assets as of August 31, 2011 and $890,913,000 of revenues for the year then ended. Our audit of internal control over financial reporting of Shaw Communications Inc. also did not include an evaluation of the internal control over financial reporting of Shaw Media.

In our opinion, Shaw Communications Inc. maintained, in all material respects, effective internal control over financial reporting as at August 31, 2011, based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Shaw Communications Inc. as at August 31, 2011 and 2010 and the Consolidated Statements of Income, Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for each of the years in the three-year period ended August 31, 2011, and our report dated November 29, 2011 expressed an unqualified opinion thereon.

November 29, 2011
Calgary, Canada

Ernst & Young LLP

Chartered Accountants

Shaw Communications Inc.
CONSOLIDATED BALANCE SHEETS

As at August 31 [thousands of Canadian dollars]	2011 $	2010 $
ASSETS		
Current		
Cash and cash equivalents	**443,427**	216,735
Accounts receivable *[note 3]*	**442,817**	196,415
Inventories *[note 4]*	**96,945**	53,815
Other current assets *[note 5]*	**236,771**	33,844
Derivative instruments *[note 21]*	**1,560**	66,718
Assets held for sale *[note 2]*	**15,000**	–
Future income taxes *[note 15]*	**25,798**	27,996
	1,262,318	595,523
Investments and other assets *[note 6]*	**13,314**	743,273
Property, plant and equipment *[note 7]*	**3,200,200**	3,004,649
Assets held for sale *[note 2]*	**1,000**	–
Other long-term assets *[note 8]*	**257,768**	232,843
Future income taxes *[note 15]*	**21,810**	–
Intangibles *[note 9]*		
Broadcast rights and licenses	**6,467,369**	5,061,153
Program rights	**67,064**	–
Spectrum licenses	**190,912**	190,912
Goodwill	**814,808**	169,143
Other intangibles	**229,314**	156,469
	12,525,877	10,153,965
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[notes 14 and 18]*	**794,984**	623,070
Income taxes payable	**12,357**	170,581
Unearned revenue	**154,567**	145,491
Current portion of long-term debt *[notes 10 and 21]*	**594**	557
Current portion of derivative instruments *[note 21]*	**7,508**	79,740
Other liability *[note 21]*	**161,271**	–
	1,131,281	1,019,439
Long-term debt *[notes 10 and 21]*	**5,255,960**	3,981,671
Other long-term liabilities *[note 19]*	**351,122**	291,500
Derivative instruments *[note 21]*	**–**	6,482
Deferred credits *[note 11]*	**630,341**	632,482
Future income taxes *[note 15]*	**1,699,325**	1,451,859
	9,068,029	7,383,433
Commitments and contingencies *[notes 10, 17 and 18]*		
Shareholders' equity		
Share capital *[note 12]*		
Class A Shares	**2,468**	2,468
Class B Non-Voting Shares	**2,337,796**	2,248,030
Series A Preferred Shares	**293,195**	–
Contributed surplus *[note 12]*	**65,498**	53,330
Retained earnings	**516,462**	457,728
Accumulated other comprehensive income *[note 13]*	**1,467**	8,976
Non-controlling interests *[note 2]*	**240,962**	–
	3,457,848	2,770,532
	12,525,877	10,153,965

See accompanying notes

On behalf of the Board:

[Signed]
JR Shaw
Director

[Signed]
Michael O'Brien
Director

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Years ended August 31 [thousands of Canadian dollars except per share amounts]	2011 $	2010 $	2009 $
Revenue *[note 16]*	**4,740,903**	3,717,580	3,390,913
Operating, general and administrative expenses	**2,710,075**	1,957,433	1,850,304
Operating income before amortization *[note 16]*	**2,030,828**	1,760,147	1,540,609
Amortization –			
Deferred IRU revenue *[note 11]*	**12,546**	12,546	12,547
Deferred equipment revenue *[note 11]*	**106,628**	120,639	132,974
Deferred equipment costs *[note 8]*	**(204,712)**	(228,714)	(247,110)
Deferred charges *[note 8]*	**(1,025)**	(1,025)	(1,025)
Property, plant and equipment *[note 7]*	**(604,214)**	(526,432)	(449,808)
Other intangibles *[note 9]*	**(45,210)**	(33,285)	(30,774)
Operating income	**1,294,841**	1,103,876	957,413
Amortization of financing costs – long-term debt *[note 10]*	**(4,302)**	(3,972)	(3,984)
Interest *[notes 10 and 16]*	**(331,584)**	(248,011)	(237,047)
	958,955	851,893	716,382
Gain on redemption of debt *[note 10]*	**32,752**	–	–
Debt retirement costs *[note 10]*	**–**	(81,585)	(8,255)
CRTC benefit obligation *[note 2]*	**(139,098)**	–	–
Business acquisition, integration and restructuring expenses *[notes 2 and 14]*	**(90,648)**	–	–
Loss on derivative instruments *[note 21]*	**(22,022)**	(45,164)	–
Accretion of long-term liabilities	**(14,975)**	(2,142)	–
Foreign exchange gain on unhedged long-term debt	**16,695**	–	–
Other gains *[note 1]*	**11,022**	5,513	19,644
Income before income taxes	**752,681**	728,515	727,771
Income tax expense *[note 15]*	**204,829**	183,489	191,197
Income before the following	**547,852**	545,026	536,574
Equity income (loss) on investees *[note 6]*	**14,200**	(11,250)	(99)
Net income from continuing operations	**562,052**	533,776	536,475
Loss from discontinued operations *[note 2]*	**(89,263)**	(1,044)	–
Net income	**472,789**	532,732	536,475
Net income attributable to:			
Common shareholders	**453,701**	532,732	536,475
Non-controlling interests	**19,088**	–	–
	472,789	532,732	536,475
Retained earnings, beginning of year	**457,728**	382,227	222,652
Net income attributable to common shareholders	**453,701**	532,732	536,475
Reduction on Class B Non-Voting Shares purchased for cancellation *[note 12]*	**–**	(85,143)	(25,017)
Dividends – Class A Shares and Class B Non-Voting Shares	**(391,343)**	(372,088)	(351,883)
Dividends – Series A Preferred Shares	**(3,624)**	–	–
Retained earnings, end of year	**516,462**	457,728	382,227
Earnings per share – basic and diluted *[note 12]*			
Earnings per share from continuing operations	**1.24**	1.23	1.25
Loss per share from discontinued operations	**(0.21)**	–	–
Earnings per share	**1.03**	1.23	1.25

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Years ended August 31 [thousands of Canadian dollars]	2011 $	2010 $	2009 $
Net income	**472,789**	532,732	536,475
Other comprehensive income (loss) *[note 13]*			
Change in unrealized fair value of derivatives designated as cash flow hedges	**(11,770)**	(43,631)	22,588
Realized gains on cancellation of forward purchase contracts	**–**	–	9,314
Adjustment for hedged items recognized in the period	**4,274**	13,644	14,443
Unrealized loss on available-for-sale investment	**(10)**	–	–
Reclassification of foreign exchange loss (gain) on hedging derivatives to income to offset foreign exchange adjustments on US denominated debt	**–**	34,940	(27,336)
Reclassification of remaining losses on hedging derivatives to income upon early redemption of hedged US denominated debt	**–**	42,658	–
Unrealized foreign exchange gain (loss) on translation of a self-sustaining foreign operation	**(3)**	(1)	31
	(7,509)	47,610	19,040
Comprehensive income	**465,280**	580,342	555,515
Comprehensive income attributable to:			
Common shareholders	**446,192**	580,342	555,515
Non-controlling interests	**19,088**	–	–
	465,280	580,342	555,515
Accumulated other comprehensive income (loss), beginning of year	**8,976**	(38,634)	(57,674)
Other comprehensive income (loss)	**(7,509)**	47,610	19,040
Accumulated other comprehensive income (loss), end of year	**1,467**	8,976	(38,634)

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31 [thousands of Canadian dollars]	2011 $	2010 $	2009 $
OPERATING ACTIVITIES *[note 22]*			
Funds flow from continuing operations	**1,443,179**	1,376,799	1,323,840
Net decrease (increase) in non-cash working capital balances related to continuing operations	**(201,528)**	81,852	59,090
	1,241,651	1,458,651	1,382,930
INVESTING ACTIVITIES			
Additions to property, plant and equipment *[note 16]*	**(704,461)**	(675,036)	(623,695)
Additions to equipment costs (net) *[note 16]*	**(119,933)**	(98,308)	(124,968)
Additions to other intangibles *[note 16]*	**(64,727)**	(37,200)	(54,223)
Proceeds on cancellation of US forward purchase contracts *[note 16]*	**–**	–	13,384
Net increase to inventories	**(43,130)**	(1,261)	(530)
Deposits on wireless spectrum licenses	**–**	–	(152,465)
Cable business acquisitions *[note 2]*	**(35,652)**	(158,805)	(46,300)
Television broadcasting business acquisitions *[note 2]*	**(416,978)**	–	–
Purchase of Government of Canada bond	**–**	(158,968)	–
Proceeds on sale of Government of Canada bond	**–**	159,405	–
Proceeds on disposal of property, plant and equipment *[note 16]*	**26,826**	430	22,081
Proceeds from (additions to) investments and other assets *[note 6]*	**8,181**	(744,096)	–
	(1,349,874)	(1,713,839)	(966,716)
FINANCING ACTIVITIES			
Decrease in bank indebtedness	**–**	–	(44,201)
Increase in long-term debt, net of discounts	**2,352,115**	1,891,656	839,839
Senior notes Series A Preferred Shares issuance costs	**(17,339)**	(10,109)	(4,684)
Senior notes redemptions and repayments	**(333,928)**	(1,016,170)	(130,000)
Other debt repayments	**(1,470,511)**	(541)	(297,124)
Payments on cross-currency agreements *[note 21]*	**–**	(291,920)	–
Issuance of Series A Preferred Shares	**300,000**	–	–
Proceeds on bond forward contracts	**–**	–	10,757
Debt retirement costs *[note 10]*	**(19,482)**	(79,488)	(9,161)
Issue of Class B Non-Voting Shares, net of after-tax expenses	**45,940**	47,126	56,996
Purchase of Class B Non-Voting Shares for cancellation *[note 12]*	**–**	(118,150)	(33,574)
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(351,980)**	(372,088)	(351,883)
Distributions paid to non-controlling interests	**(21,950)**	–	–
	482,865	50,316	36,965
Effect of currency translation on cash balances and cash flows	**–**	–	58
Increase (decrease) in cash from continuing operations	**374,642**	(204,872)	453,237
Decrease in cash from discontinued operations *[note 2]*	**(147,950)**	(31,630)	–
Increase (decrease) in cash	**226,692**	(236,502)	453,237
Cash, beginning of year	**216,735**	453,237	–
Cash, end of year	**443,427**	216,735	453,237

Cash includes cash, cash equivalents and short-term securities

See accompanying notes

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

1. SIGNIFICANT ACCOUNTING POLICIES

Shaw Communications Inc. (the "Company") is a public company whose shares are listed on the Toronto and New York Stock Exchanges. The Company is a diversified Canadian communications company whose core operating business is providing broadband cable television services, Internet, Digital Phone, and telecommunications services ("Cable"); Direct-to-home ("DTH") satellite services (Shaw Direct), and satellite distribution services ("Satellite Services"); and programming content (through Shaw Media).

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The effects of differences between the application of Canadian and US GAAP on the consolidated financial statements of the Company are described in note 24.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries. Intercompany transactions and balances are eliminated on consolidation. The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition.

The accounts also include the Company's 33.33% proportionate share of the assets, liabilities, revenues, and expenses of its interest in the Burrard Landing Lot 2 Holdings Partnership (the "Partnership"). In addition, effective October 27, 2010, the Company acquired a 50% interest in three specialty television channels as part of the television broadcasting business acquisition.

The Company's interest in the assets, liabilities, results of operations and cash flows of these joint ventures are as follows:

	2011 $	2010 $
Current assets	**12,329**	570
Program rights	**361**	–
Property, plant and equipment	**16,158**	16,820
	28,848	17,390
Current liabilities	**1,246**	390
Long-term debt	**20,394**	20,951
Proportionate share of net assets (liabilities)	**7,208**	(3,951)

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

	2011 $	2010 $	2009 $
Revenue	**26,591**	–	–
Operating, general and administrative expenses	**(11,762)**	1,829	1,829
Amortization	**(681)**	(683)	(688)
Interest	**(1,280)**	(1,326)	(1,358)
Other gains	**904**	867	879
Proportionate share of income before income taxes	**13,772**	687	662
Cash flow provided by operating activities	**13,260**	1,560	1,326
Cash flow used in investing activities	**–**	(34)	–
Cash flow used in financing activities	**(576)**	(541)	(509)
Proportionate share of cash distributions	**12,684**	985	817

Investments and other assets

Investments in other entities are accounted for using the equity method or cost basis depending upon the level of ownership and/or the Company's ability to exercise significant influence over the operating and financial policies of the investee. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investee's net income or losses after the date of investment, additional contributions made and dividends received. Investments are written down when there is clear evidence that a decline in value that is other than temporary has occurred.

Amounts paid and payable for spectrum licenses were recorded as deposits until Industry Canada awarded the operating licenses.

Revenue and expenses

(i) Revenue

Revenue from cable, Internet, Digital Phone and DTH customers includes subscriber revenue earned as services are provided. Satellite distribution services and telecommunications service revenue is recognized in the period in which the services are rendered to customers. Affiliate subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are broadcast and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Subscriber connection fees received from customers are deferred and recognized as revenue on a straight-line basis over two years. Direct and incremental initial selling, administrative and connection costs related to subscriber acquisitions are recognized as an operating expense as incurred. The costs of physically connecting a new home are capitalized as part of the distribution system and costs of disconnections are expensed as incurred.

Installation revenue received on contracts with commercial business customers is deferred and recognized as revenue on a straight-line basis over the related service contract, which generally span two to ten years. Direct and incremental costs associated with the service contract, in an amount not exceeding the upfront installation revenue, are deferred and recognized as an operating expense on a straight-line basis over the same period.

(ii) Deferred equipment revenue and deferred equipment costs

Revenue from sales of DTH equipment and digital cable terminals ("DCTs") is deferred and recognized on a straight-line basis over two years commencing when subscriber service is activated. The total cost of the equipment, including installation, represents an inventoriable cost which is deferred and recognized on a straight-line basis over the same period. The DCT and DTH equipment is generally sold to customers at cost or a subsidized price in order to expand the Company's customer base.

Revenue from sales of satellite tracking hardware and costs of goods sold are deferred and recognized on a straight-line basis over the related service contract for monthly service charges for air time, which is generally five years. The amortization of the revenue and cost of sale of satellite service equipment commences when goods are shipped.

Recognition of deferred equipment revenue and deferred equipment costs is recorded as deferred equipment revenue amortization and deferred equipment costs amortization, respectively.

(iii) Deferred IRU revenue

Prepayments received under indefeasible right to use ("IRU") agreements are amortized on a straight-line basis into income over the term of the agreement and are recognized in the Consolidated Statements of Income and Retained Earnings as deferred IRU revenue amortization.

Cash and cash equivalents

Cash and cash equivalents include money market instruments that are purchased three months or less from maturity, and are presented net of outstanding cheques. When the amount of outstanding cheques and the amount drawn under the Company's operating facility (see note 10) are greater than the amount of cash and cash equivalents, the net amount is presented as bank indebtedness.

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances.

Inventories

Inventories include subscriber equipment such as DCTs and DTH receivers, which are held pending rental or sale at cost or at a subsidized price. When subscriber equipment is sold, the equipment revenue and equipment costs are deferred and amortized over two years. When the subscriber equipment is rented, it is transferred to property, plant and equipment and amortized over its useful life. Inventories are determined on a first-in, first-out basis, and are stated at cost due to the eventual capital nature as either an addition to property, plant and equipment or deferred equipment costs.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost. Direct labour and direct overhead incurred to construct new assets, upgrade existing assets and connect new subscribers are capitalized. Repairs and maintenance expenditures are charged to operating expense as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Estimated useful life
Cable and telecommunications distribution system	6-15 years
Digital cable terminals and modems	2-7 years
Satellite audio, video and data network equipment and DTH receiving equipment	4-10 years
Transmitters, broadcasting and communication equipment	5-15 years
Buildings	20-40 years
Data processing	3-4 years
Other	3-20 years

The Company reviews the estimates of lives and useful lives on a regular basis and reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment is recognized when the carrying amount of an asset is greater than the future undiscounted net cash flows expected to be generated by the asset. The impairment is measured as the difference between the carrying value of the asset and its fair value calculated using quoted market prices or discounted cash flows.

Assets held for sale and discontinued operations

Assets are classified as held for sale when specific criteria are met and are measured at the lower of carrying amount and estimated fair value less costs to sell. Assets held for sale are not amortized and are reported separately on the balance sheet. The operating results of a component that has been disposed of or is classified as held for sale are reported as discontinued operations if the operations and cash flows of the component have been, or will be, eliminated from the Company's ongoing operations and if the Company does not have significant continuing involvement in the operations of the component after the disposal transaction. A component of a company includes operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company's operations and cash flows. The Company does not allocate interest to discontinued operations.

Other long-term assets

Other long-term assets primarily include (i) equipment costs, as described in the revenue and expenses accounting policy, deferred and amortized on a straight-line basis over two to five years; (ii) credit facility arrangement fees amortized on a straight-line basis over the term of the facility; (iii) long-term receivables and (iv) the non-current portion of prepaid maintenance and support contracts.

Intangibles

The excess of the cost of acquiring cable, satellite and media businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist of amounts allocated to broadcast rights and licenses, trademarks, brands, program rights, material agreements and software assets. Broadcast rights and licenses, trademarks and brands represent identifiable assets with indefinite useful lives. Spectrum licenses were acquired in Industry Canada's auction of licenses for advanced wireless services and have an indefinite life.

Goodwill and intangible assets with an indefinite life are not amortized but are subject to an annual review for impairment. Identifiable intangibles are tested for impairment by comparing the estimated fair value of the intangible asset with its carrying amount. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of the reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss.

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses.

Software that is not an integral part of the related hardware is classified as an intangible asset. Software assets are amortized on a straight-line basis over estimated useful lives ranging from four to ten years. The Company reviews the estimates of lives and useful lives on a regular basis and reviews software assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment is recognized when the carrying amount of an asset is greater than the future undiscounted net cash flows expected to be generated by the asset. The impairment is measured as the difference between the carrying value of the asset and its fair value calculated using quoted market prices or discounted cash flows.

CRTC benefit obligations

The fair value of CRTC benefit obligations committed as part of business acquisitions are initially recorded, on a discounted basis, at the present value of amounts to be paid net of any expected incremental cash inflows. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for revisions to the timing of the cash flows. Changes in the obligation due to the passage of time are recorded as accretion of long-term liabilities in the income statement.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred, on a discounted basis, with a corresponding increase to the carrying amount of property and equipment, primarily in respect of transmitter sites. This cost is amortized on the same basis as the related asset. The liability is subsequently increased for the passage of time and the accretion is recorded in the income statement as accretion of long-term liabilities. Revisions due to the estimated timing of cash flows or the amount required to settle the obligation may result in an increase or decrease in the liability. Actual costs incurred upon settlement of the obligation are charged against the liability to the extent recorded.

Deferred credits

Deferred credits primarily include: (i) prepayments received under IRU agreements amortized on a straight-line basis into income over the term of the agreement; (ii) equipment revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two years to five years; (iii) connection fee revenue and upfront installation revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two to ten years; and (iv) a deposit on a future fibre sale.

Income taxes

The Company accounts for income taxes using the liability method, whereby future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in future income tax assets and liabilities.

Foreign currency translation

The financial statements of a foreign subsidiary, which is self-sustaining, are translated using the current rate method, whereby assets and liabilities are translated at year-end exchange rates and revenues and expenses are translated at average exchange rates for the year. Adjustments arising from the translation of the financial statements are included in Other Comprehensive Income (Loss).

Transactions originating in foreign currencies are translated into Canadian dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated at the year-end rate of exchange and non-monetary items are translated at historic exchange rates.

The net foreign exchange gain (loss) recognized on the translation and settlement of current monetary assets and liabilities was $4,230 (2010 – $5,563; 2009 – ($1,599)) and is included in other gains.

Exchange gains and losses on translating hedged and unhedged long-term debt are included in the Company's Consolidated Statements of Income and Retained Earnings (Deficit). Foreign exchange gains and losses on hedging derivatives are reclassified from Other Comprehensive Income (Loss) to income to offset the foreign exchange adjustments on hedged long-term debt.

Financial instruments other than derivatives

Financial instruments have been classified as loans and receivables, assets available-for-sale, assets held-for-trading or financial liabilities. Cash and cash equivalents have been classified as held-for-trading and are recorded at fair value with any change in fair value immediately recognized in income (loss). Other financial assets are classified as available-for-sale or as loans and receivables. Available-for-sale assets are carried at fair value with changes in fair value recorded in other comprehensive income (loss) until realized. Loans and receivables and financial liabilities are carried at amortized cost. None of the Company's financial assets are classified as held-to-maturity and none of its financial liabilities are classified as held-for-trading. Certain private investments where market value is not readily determinable are carried at cost net of write-downs.

Finance costs, discounts and proceeds on bond forward contracts associated with the issuance of debt securities and fair value adjustments to debt assumed in business acquisitions are netted against the related debt instrument and amortized to income using the effective interest rate method. Accordingly, long-term debt accretes over time to the principal amount that will be owing at maturity.

Derivative financial instruments

The Company uses derivative financial instruments to manage risks from fluctuations in foreign exchange rates and interest rates. These instruments include cross-currency interest rate exchange agreements, foreign currency forward purchase contracts and bond forward contracts. All derivative financial instruments are recorded at fair value in the balance sheet. Where permissible, the Company accounts for these financial instruments as hedges which ensures that counterbalancing gains and losses are recognized in income in the same period. With hedge accounting, changes in the fair value of derivative financial instruments designated as cash flow hedges are recorded in other comprehensive income (loss) until the variability of cash flows relating to the hedged asset or liability is recognized in income (loss). When an anticipated transaction is subsequently recorded as a non-financial asset, the amounts recognized in other comprehensive income (loss) are reclassified to the initial carrying amount of the related asset. Where hedge accounting is not permissible or derivatives are not designated in a hedging relationship, they are classified as held-for-trading and the changes in fair value are immediately recognized in income (loss).

Instruments that have been entered into by the Company to hedge exposure to foreign exchange and interest rate risk are reviewed on a regular basis to ensure the hedges are still effective and that hedge accounting continues to be appropriate.

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and separately accounted for as derivatives when their economic characteristics and risks are not closely related to the host contract, they meet the definition of a derivative and the combined instrument or contract is not measured at fair value. The Company records embedded derivatives at fair value with changes recognized in the income statement as loss/gain on derivative instruments.

Employee benefit plans

The Company accrues its obligations and related costs under its employee benefit plans, net of plan assets. The cost of pensions and other retirement benefits earned by certain employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan initiation and amendments are amortized on a straight-line basis over the estimated average remaining service life ("EARSL") of employees active at the date of recognition of past service unless identification of a circumstance would suggest a shorter amortization period is appropriate. Negative plan amendments which reduce costs are applied to reduce any existing unamortized past service costs. The excess, if any, is amortized on a straight-line basis over EARSL. Actuarial gains or losses occur because assumptions about benefit plans relate to a long time frame and differ from actual experiences. These assumptions are revised based on actual experience of the plans such as changes in discount rates, expected return on plan assets, expected retirement ages and projected salary increases. Actuarial gains (losses) are amortized on a straight-line basis over EARSL which for active employees covered by the unfunded defined benefit pension plan is 10.5 years at August 31, 2011 (2010 – 10.9 years; 2009 – 11.1 years) and 13.5 years for the defined benefit pension plans and 14 years for post retirement benefit plans assumed as part of the media business acquisition during the current year. When the restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

August 31 is the measurement date for the Company's employee benefit plans. The last actuarial valuations for funding purposes for the various plans were performed between December 31, 2008 and January 1, 2011. The next actuarial valuations for funding purposes are required effective December 31, 2011.

Stock-based compensation

The Company has a stock option plan for directors, officers, employees and consultants to the Company. The options to purchase shares must be issued at not less than the fair value at the date of grant. Any consideration paid on the exercise of stock options, together with any contributed surplus recorded at the date the options vested, is credited to share capital. The Company calculates the fair value of stock-based compensation awarded to employees using the Black-Scholes Option Pricing Model. The fair value of options are expensed and credited to contributed surplus over the vesting period of the options.

The Company has a restricted share unit ("RSU") plan for officers and employees of the Company. RSUs vest on the second anniversary of the grant date and compensation is

recognized on a straight-line basis over the two year vesting period. RSUs will be settled in cash and the obligation for RSUs is revalued each period based on the market value of the Class B Non-Voting Shares and the number of outstanding RSUs.

Earnings per share

Basic earnings per share is based on net income attributable to common shareholders adjusted for dividends on preferred shares and is calculated using the weighted average number of Class A Shares and Class B Non-Voting Shares outstanding during the year. The Company uses the treasury stock method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase Class B Non-Voting Shares at the average market price during the period.

Guarantees

The Company discloses information about certain types of guarantees that it has provided, including certain types of indemnities, without regard to whether it will have to make any payments under the guarantees (see note 17).

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Key areas of estimation, where management has made difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain, are the allowance for doubtful accounts, the ability to use income tax loss carryforwards and other future income tax assets, capitalization of labour and overhead, useful lives of depreciable assets, contingent liabilities, certain assumptions used in determining defined benefit plan pension expense, the fair value of assets acquired and liabilities assumed in business acquisitions, and the recoverability of equipment costs, indefinite life identifiable intangibles and goodwill using estimated future cash flows. Significant changes in assumptions could result in impairment of intangible assets.

Adoption of recent accounting pronouncements

Business Combinations

Effective September 1, 2010, the Company early adopted CICA Handbook Section 1582 "Business Combinations", which replaces Section 1581 "Business Combinations". The differences which arise from the new accounting standard relate to details in applying the acquisition method. The significant changes that result include (i) a change in the measurement date for equity instruments issued by the acquirer from a few days before and after the announcement date to the acquisition date, (ii) contingent consideration is recognized at fair value and subsequently remeasured at each reporting date until settled, (iii) future adjustments to income tax estimates are recorded in income whereas previously, certain changes were recorded in goodwill, (iv) acquisition related costs, other than costs to issue debt

or equity instruments, and acquisition related restructuring costs must be expensed, (v) for business combinations completed in stages, identifiable net assets are recognized at fair value when control is obtained and a gain or loss is recognized for the difference in fair value and carrying value of the previously held equity interests, (vi) the fair value of identifiable assets and liabilities attributable to non-controlling interests must be recognized, and (vii) non-controlling interests are recorded at either fair value or their proportionate share of the fair value of identifiable net assets acquired.

Consolidated Financial Statements and Non-controlling Interests

Effective September 1, 2010, the Company early adopted CICA Handbook Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-controlling Interests” which replace Section 1600 “Consolidated Financial Statements”. The new standards provide guidance for the preparation of financial statements and accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. For presentation and disclosure purposes, non-controlling interests are classified as a separate component of shareholders’ equity. In addition, net income and comprehensive income is attributed to the Company’s shareholders and to non-controlling interests rather than reflecting the non-controlling interests as a deduction to arrive at net income and comprehensive income.

Recent accounting pronouncements

International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, for fiscal periods beginning on or after January 1, 2011. These standards require the Company to begin reporting under IFRS in fiscal 2012 with comparative data for the prior year.

2. BUSINESS ACQUISITIONS AND DISCONTINUED OPERATIONS

Business acquisitions

(i) Television broadcasting businesses

	August 31, 2011		
	Cash[1] $	Cumulative equity income $	Total $
Television broadcasting businesses	1,208,112	2,180	1,210,292

(1) The cash consideration includes $708,000 paid in 2010 for the Company’s initial equity investment in CW Media and an option to acquire an additional equity interest. The acquisition-date fair value of the Company’s initial equity investment approximated $549,000 compared to its carrying value of $558,500 under the equity method of accounting which resulted in an amount of approximately $9,500 related to transaction costs which are included in business acquisition, integration and restructuring expenses in the income statement.

On May 3, 2010 the Company announced that it had entered into agreements to acquire 100% of the broadcasting businesses of Canwest Global Communications Corp. ("Canwest"). The acquisition includes all of the over-the-air channels, which were in creditor protection, and the specialty television business of Canwest, including Canwest's equity interest in CW Investments Co. ("CW Media"), the company that owns the portfolio of specialty channels acquired from Alliance Atlantis Communications Inc. in 2007. During 2010, the Company completed certain portions of the acquisition including acquiring a 49.9% equity interest, a 29.9% voting interest, and an option to acquire an additional 14.8% equity interest and 3.4% voting interest in CW Media. On October 22, 2010, the CRTC approved the transaction and the Company closed the purchase on October 27, 2010. Certain of the subsidiary specialty channels continue to have non-controlling interests. The purpose of the acquisition is to combine programming content with the Company's cable and satellite distribution network to create a vertically integrated entertainment and communications company.

The transaction has been accounted for using the acquisition method and results of operations have been included commencing October 27, 2010. These broadcasting businesses have contributed $890,913 of revenue and $251,561 of operating income before amortization for the period from October 27 to August 31, 2011. If the acquisition had closed on September 1, 2010, the Media revenue and operating income before amortization for the year would have been approximately $1,075,000 and $325,000, respectively. Net income is not determinable due to emergence of certain portions of the business from bankruptcy protection.

In the current year, acquisition related costs of $60,882 have been expensed and include amounts incurred to effect the transaction, such as professional fees paid to lawyers and consultants, as well as restructuring costs to integrate the new businesses and increase organizational effectiveness for future growth as well as senior leadership reorganization.

As part of the CRTC decision approving the transaction, the Company is required to contribute approximately $180,000 in new benefits to the Canadian broadcasting system over the next seven years. Most of this contribution will be used to create new programming on Canwest services, construct digital transmission towers and provide a satellite solution for over-the-air viewers whose local television stations do not convert to digital. The obligation has been recorded in the income statement at fair value, being the sum of the discounted future net cash flows using a 5.75% discount rate. In addition, the Company assumed the CRTC benefit obligation from Canwest's acquisition of Specialty services in 2007 which was a remaining commitment of approximately $95,000 on acquisition.

A summary of net assets acquired and allocation is as follows:

	$
Net assets acquired at assigned fair values	
Cash and cash equivalents	**83,134**
Receivables	**296,665**
Other current assets[(1)]	**235,627**
Future income taxes[(7)]	**51,118**
Derivative instrument	**15,765**
Investments and other assets	**15,958**
Property, plant and equipment	**140,617**
Intangibles[(2)]	**1,567,259**
Goodwill, not deductible for tax[(3)]	**641,365**
	3,047,508
Current liabilities[(1)]	**(283,022)**
Current debt[(4)]	**(399,065)**
Derivative instruments[(4)]	**(81,975)**
Non-current liabilities	**(104,509)**
Future income taxes	**(311,298)**
Long-term debt[(5)]	**(411,633)**
Non-controlling interests[(6)]	**(245,714)**
	1,210,292

(1) The Company acquired a remaining tax indemnity amount of $25,906 as part of the acquisition. The indemnity arose in 2007 as part of Canwest's acquisition of Specialty services where a wholly-owned subsidiary of CW Media entered into an agreement pursuant to which certain of the parties agreed to indemnify the company in respect of certain tax liabilities. A corresponding income tax liability was also assumed which according to the terms of the agreement, will be recovered from other parties to the agreement if and when the liabilities are settled.

(2) Intangibles include broadcast licenses, brands, program rights, a trademark and software assets.

(3) Goodwill comprises the value of expected efficiencies from combining programming content and distribution businesses into vertically integrated operations, growth expectations and an assembled workforce.

(4) Current debt was comprised of a US $389,636 term loan. Shortly after closing the acquisition, the Company repaid the term loan including breakage of the related currency swaps.

(5) Long-term debt is comprised of US $338,306 13.5% senior unsecured notes due 2015. The notes were subsequently redeemed (see note 10).

(6) Non-controlling interests in certain of the subsidiary specialty channels were assumed as part of the acquisition and are recorded at their proportionate share of the fair value of identifiable net assets acquired.

(7) Future income tax asset includes both current and non-current portions of $26,882 and $24,236, respectively.

(ii) Cable systems

	2011 $	2010[1] $	2009 $
Cash	**35,652**	163,875	46,300
Issuance of Class B Non-Voting Shares	**–**	120,000	–
Total purchase price	**35,652**	283,875	46,300

(1) The cash consideration paid, net of cash acquired of $5,070, was $158,805.

A summary of net assets acquired and allocation is as follows:

	2011 $	2010 $	2009 $
Net assets acquired at assigned fair values			
Investments	**–**	206	–
Property, plant and equipment	**9,295**	57,796	6,825
Broadcast rights *[note 9]*	**23,916**	245,000	40,075
Other intangibles	**305**	–	–
Goodwill, not deductible for tax *[note 9]*	**4,300**	81,032	–
	37,816	384,034	46,900
Working capital deficiency	**364**	27,397	600
Other liability	**1,800**	–	–
Future income taxes	**–**	72,762	–
	2,164	100,159	600
Purchase price	**35,652**	283,875	46,300

(i) During 2011, the Company purchased the assets of several cable systems serving approximately 7,300 basic subscribers in the interior of British Columbia. These assets were purchased as they compliment the Company's existing surrounding cable systems. Goodwill comprises the value of expected synergies and future growth opportunities. The transaction has been accounted for using the acquisition method and results of operations have been included from their respective acquisition dates. These assets have contributed approximately $1,700 of revenue and $685 of operating income before amortization in 2011. The purchase price may be impacted by settlement of final closing adjustments for working capital.

(ii) During 2010, the Company purchased all of the outstanding shares of Mountain Cablevision in Hamilton, Ontario. The cable system serves approximately 41,000 basic subscribers and results of operations have been included commencing November 1, 2009.

(iii) During 2009, the Company purchased the assets comprising the Campbell River cable system in British Columbia which serves approximately 12,000 basic subscribers. The acquisition was effective February 1, 2009 and results of operations have been included from that date.

Discontinued operations

During late 2011, the Company completed a strategic review of its wireless business opportunity including the potential value of wireless with its other operating segments, the rapid evolution of wireless technologies, the capital required to build a competitive network and recent changes in the wireless competitive environment. As a result, the Company decided to discontinue any further construction of its wireless network. Accordingly, the assets were measured at the lower of carrying amount and estimated fair value less costs to sell resulting in a write-down of $111,492 and classification of $16,000 as assets held for sale. The Company has determined the carrying value of the wireless spectrum licenses continues to be appropriate and intends to hold these assets while it reviews all options.

The results of operations and related cash flows have been reported as discontinued operations with restatement of the comparative period.

The loss from discontinued operations in 2011 and 2010 is comprised of the following:

	2011 $	2010 $
Operating expenditures	**7,404**	1,396
Amortization	**905**	–
Write-down of assets	**111,492**	–
Income tax recovery	**(30,538)**	(352)
Loss from discontinued operations	**89,263**	1,044

The cash flows used in discontinued operations in 2011 and 2010 is comprised of the following:

	2011 $	2010 $
Cash used in operating activities	**10,486**	1,492
Cash used in investing activities	**137,464**	30,138
Decrease in cash from discontinued operations	**147,950**	31,630

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

3. ACCOUNTS RECEIVABLE

	2011 $	2010 $
Subscriber and trade receivables	**424,451**	209,817
Due from officers and employees	**159**	148
Due from related parties *[note 20]*	**1,236**	1,689
Miscellaneous receivables	**45,768**	3,730
	471,614	215,384
Less allowance for doubtful accounts	**(28,797)**	(18,969)
	442,817	196,415

Included in operating, general and administrative expenses is a provision for doubtful accounts of $33,686 (2010 – $33,746; 2009 – $19,298).

4. INVENTORIES

	2011 $	2010 $
Subscriber equipment	**91,427**	50,896
Other	**5,518**	2,919
	96,945	53,815

Subscriber equipment includes DTH equipment, DCTs and related customer premise equipment.

5. OTHER CURRENT ASSETS

	2011 $	2010 $
Program rights	**120,938**	–
Program advances	**42,681**	–
Tax indemnity	**26,226**	–
Prepaid expenses and other	**46,926**	33,844
	236,771	33,844

6. INVESTMENTS AND OTHER ASSETS

	2011 $	2010 $
Investment, at cost net of write-down:		
Investment in a private technology company	**200**	200
Investments, at equity:		
CW Media *[note 2]*	**–**	739,125
Specialty channel networks	**10,037**	–
Other assets:		
Loan *[note 20]*	**–**	3,600
Loan to equity investee	**2,264**	–
Other	**813**	348
	13,314	743,273

Investments at equity

The Company exercised significant influence over CW Media with its 49.9% ownership and recorded an equity loss of $11,250 and equity income of $13,430 for the periods of May 3 to August 31, 2010 and September 1 to October 26, 2010, respectively. On October 22, 2010, the CRTC approved the transaction and the Company closed the purchase on October 27, 2010 (see note 2).

As part of the acquisition, the Company acquired non-controlling interests in several specialty channels and recorded equity income of $770 for the period October 27, 2010 to August 31, 2011.

Other assets

The loan to an equity investee bears interest at prime plus 2.5% and is repayable on demand.

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

7. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Cable and telecommunications distribution system	**4,348,683**	**2,243,547**	**2,105,136**	4,197,319	2,129,039	2,068,280
Digital cable terminals and modems	**648,495**	**298,572**	**349,923**	552,224	223,910	328,314
Satellite audio, video and data network equipment and DTH receiving equipment	**160,836**	**128,735**	**32,101**	154,156	115,139	39,017
Transmitters, broadcasting, communications and production equipment	**75,875**	**11,279**	**64,596**	–	–	–
Buildings	**402,786**	**138,407**	**264,379**	360,841	121,312	239,529
Data processing	**72,878**	**38,616**	**34,262**	53,811	30,679	23,132
Other assets	**281,154**	**103,610**	**177,544**	256,910	120,020	136,890
	5,990,707	**2,962,766**	**3,027,941**	5,575,261	2,740,099	2,835,162
Land	**61,076**	**–**	**61,076**	45,368	–	45,368
Assets under construction	**111,183**	**–**	**111,183**	124,119	–	124,119
	6,162,966	**2,962,766**	**3,200,200**	5,744,748	2,740,099	3,004,649

Included in the cable and telecommunications distribution system assets is the cost of the Company's purchase of fibres under IRU agreements with terms extending to 60 years totalling $61,811 (2010 – $61,811). In 2011, the Company recognized a gain (loss) of $4,232 (2010 – ($2,665); 2009 – $8,360) on the disposal of property, plant and equipment.

8. OTHER LONG-TERM ASSETS

	2011			2010		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Equipment costs subject to a deferred revenue arrangement	**650,296**	**434,287**	**216,009**	687,879	485,449	202,430
Credit facility arrangement fees	**5,039**	**4,284**	**755**	5,039	3,276	1,763
Other	**41,174**	**170**	**41,004**	28,803	153	28,650
	696,509	**438,741**	**257,768**	721,721	488,878	232,843

Amortization provided in the accounts for 2011 amounted to $205,737 (2010 – $229,782; 2009 – $248,308) and was recorded as amortization of deferred charges and equipment costs (2010 – $229,739; 2009 – $248,135). In 2010 and 2009, $43 and $173 was recorded as operating, general and administrative expenses.

9. INTANGIBLES

	Carrying amount	
	2011 $	2010 $
Broadcast rights and licenses		
Cable systems	**4,101,937**	4,078,021
DTH and satellite services	**983,132**	983,132
Television broadcasting	**1,382,300**	–
	6,467,369	5,061,153
Program rights	**67,064**	–
Goodwill		
Non-regulated satellite services	**88,111**	88,111
Cable systems	**85,332**	81,032
Television broadcasting	**641,365**	–
	814,808	169,143
Wireless spectrum licenses	**190,912**	190,912
Other intangibles		
Software	**188,331**	156,469
Trademark and brands	**40,700**	–
Material agreements	**283**	–
	229,314	156,469
Net book value	**7,769,467**	5,577,677

The Company holds separate CRTC licenses, or operates pursuant to exemption orders, for each of its cable, DTH and SRDU undertakings, upon which the provision of each service is dependent. Licenses must be renewed from time to time and have generally been issued for terms of up to seven years. The majority of the licensed cable undertakings were renewed by the CRTC in the current year and currently expire on August 31, 2015. Licenses in respect of DTH and SRDU undertakings were extended in 2011 pursuant to an administrative renewal, and currently expire February 29, 2012. The Company has never failed to obtain a license renewal for any of its cable, DTH or SRDU undertakings. The Company also holds a separate license for each specialty television service. The majority of these licenses expired on August 31, 2011 and were renewed for a five year term to August 31, 2016. In early September 2009, the Company received its ownership compliance decision from Industry Canada and was granted its AWS licenses which have a term of ten years.

The changes in the carrying amount of intangibles with indefinite useful lives, and therefore not subject to amortization, are as follows:

	Broadcast rights and licenses $	Trademark and brands $	Goodwill $	Wireless spectrum licenses $
August 31, 2009	4,816,153	–	88,111	–
Business acquisition *[note 2]*	245,000	–	81,032	–
Reclassification from Investments and other assets	–	–	–	190,912
August 31, 2010	5,061,153	–	169,143	190,912
Business acquisitions *[note 2]*	1,406,216	40,700	645,665	–
August 31, 2011	6,467,369	40,700	814,808	190,912

Other intangibles subject to amortization are as follows:

	2011			2010		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Software	**227,443**	**117,697**	**109,746**	170,759	86,535	84,224
Program rights	**549,207**	**361,205**	**188,002**	–	–	–
Material agreements	**300**	**17**	**283**	–	–	–
Software assets under construction	**78,585**	**–**	**78,585**	72,245	–	72,245
	855,535	**478,919**	**376,616**	243,004	86,535	156,469
Less: current portion of program rights			**120,938**			–
			255,678			156,469

The estimated amortization expense for the above intangible assets in each of the next five years is as follows: 2012 – $172,000; 2013 – $105,000; 2014 – $40,000; 2015 – $22,000; 2016 – $16,000.

10. LONG-TERM DEBT

		2011			2010		
	Effective interest rates %	Long-term debt at amortized cost [1] $	Adjustment for finance costs [1] $	Long-term debt repayable at maturity $	Long-term debt at amortized cost [1] $	Adjustment for finance costs [1] $	Long-term debt repayable at maturity $
Corporate							
Cdn senior notes-							
6.10% due November 16, 2012	6.11	**448,746**	**1,254**	**450,000**	447,749	2,251	450,000
7.50% due November 20, 2013	7.50	**347,938**	**2,062**	**350,000**	347,129	2,871	350,000
6.50% due June 2, 2014	6.56	**596,170**	**3,830**	**600,000**	594,941	5,059	600,000
6.15% due May 9, 2016	6.34	**294,036**	**5,964**	**300,000**	292,978	7,022	300,000
5.70% due March 2, 2017	5.72	**396,630**	**3,370**	**400,000**	396,124	3,876	400,000
5.65% due October 1, 2019	5.69	**1,241,477**	**8,523**	**1,250,000**	1,240,673	9,327	1,250,000
5.50% due December 7, 2020	5.55	**495,341**	**4,659**	**500,000**	–	–	–
6.75% due November 9, 2039	6.89	**1,415,823**	**34,177**	**1,450,000**	641,684	8,316	650,000
		5,236,161	**63,839**	**5,300,000**	3,961,278	38,722	4,000,000
Other							
Burrard Landing Lot 2 Holdings Partnership	6.31	**20,393**	**64**	**20,457**	20,950	83	21,033
Total consolidated debt		**5,256,554**	**63,903**	**5,320,457**	3,982,228	38,805	4,021,033
Less current portion		**594**	**19**	**613**	557	19	576
		5,255,960	**63,884**	**5,319,844**	3,981,671	38,786	4,020,457

(1) Long-term debt is presented net of unamortized discounts, finance costs and bond forward proceeds of $63,903 (August 31, 2010 – $38,805). Amortization for 2011 amounted to $6,022 (2010 – $5,312; 2009 – $4,466) of which $4,302 (2010 – $3,972; 2009 – $3,984) was recorded as amortization of financing costs and $1,720 (2010 – $1,340; 2009 – $482) was recorded as interest expense. Interest expense in 2011 is also net of $7,782 in respect of amortization of an acquisition date fair value adjustment to the CW Media US $338,306 senior unsecured notes. The notes were subsequently redeemed in August 2011 (see Gain on redemption below).

Interest on long-term debt included in interest expense amounted to $341,114 (2010 – $250,679; 2009 – $237,546). Interest expense is net of $3,468 (2010 – $4,008; 2009 – $981) of interest income, the majority of which is with respect to holding excess proceeds from the senior notes issuances in cash and cash equivalents and short term securities or invested pending use by the Company to finance operations, fund business acquisitions and repay maturing debt.

Corporate

Bank loans

The Company has a $50,000 revolving operating loan facility, of which $654 has been drawn as committed letters of credit. Interest rates and borrowing options are principally the same as those contained in the credit facility described below. The effective interest rate on the facility for 2011 was 2.99% (2010 – 2.34%; 2009 – 3.09%).

A syndicate of banks has provided the Company with an unsecured $1 billion credit facility due in May 2012. Funds are available to the Company in both Canadian and US dollars. Interest rates fluctuate with Canadian bankers' acceptance rates, US bank base rates and LIBOR rates. The effective interest rate on actual borrowings during 2011 was 2.59% (2009 – 3.06%). No amounts we drawn under the facility during 2010.

Senior notes

The senior notes are unsecured obligations and rank equally and ratably with all existing and future senior 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 amount plus a make-whole premium.

On each of December 7, 2010 and February 17, 2011, the Company issued an additional $400,000 under the reopened 6.75% senior unsecured notes due 2039. The effective interest rate on the aggregate $1,450,000 senior notes is 6.89% due to discounts on the issuances.

On December 7, 2010, the Company issued $500,000 senior notes at a rate of 5.50% due December 7, 2020. The effective rate is 5.55% due to the discount on the issuance.

Other

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in the Partnership which built the Shaw Tower project with office/retail space and living/working space in Vancouver, BC. In the fall of 2004, the commercial construction of the building was completed and at that time, the Partnership issued 10 year secured mortgage bonds in respect of the commercial component of the Shaw Tower. The bonds bear interest at 6.31% compounded semi-annually and are collateralized by the property and the commercial rental income from the building with no recourse to the Company.

Gain on redemption of debt

The Company assumed US $338,306 senior unsecured notes on acquisition of the Canwest broadcasting businesses. The US $312,000 13.5% senior unsecured notes were originally issued on July 3, 2008. For periods up to August 15, 2011, interest was accrued, however was not payable until maturity unless CW Media elected to do so. As at acquisition date, US $26,306 of accrued interest remained outstanding and was included in the principal debt balance with respect to the period July 3, 2008 to February 15, 2009. Interest for all periods subsequent to February 15, 2009 was paid in cash.

Within 30 days of closing the transaction, a subsidiary of CW Media was required to make a change of control offer at a cash price equal to 101% of the obligations under the US $338,306 senior unsecured notes in accordance with a related indenture. As a result, on November 15, 2010, an offer was made to purchase all of the notes for an effective purchase price of US $1,145.58 for each US $1,000 face amount. An aggregate of US $51,620 face amount was tendered under the offer and purchased by the Company for cancellation for an aggregate price of US $59,135, including accrued interest and repurchase premium. In August, 2011 the Company redeemed the remaining outstanding US $260,380 face amount at 106.75% as set out under the terms of the indenture at an effective purchase price of US $1,230.70 for each US $1,000 face amount for an aggregate purchase price of US $320,449, including accrued interest and prepayment premium.

The Company recorded a gain of $32,752 in respect of the redemption which resulted from recognizing the remaining unamortized acquisition date fair value adjustment of $57,358 partially offset by the 1% repurchase and 6.75% redemption premiums totaling $19,465, other redemption costs of $17 and $5,124 in respect of the write-off of the embedded derivative instrument associated with the early prepayment option.

Debt retirement costs

In October 2009, the Company redeemed all of its outstanding US $440,000 8.25% senior notes due April 11, 2010, US $225 million 7.25% senior notes due April 6, 2011 and US $300 million 7.20% senior notes due December 15, 2011. The Company incurred costs of $79,488 and wrote-off the remaining unamortized discount and finance costs of $2,097. In connection with the early redemption of the US senior notes, the Company settled portions of the principal component of the associated cross-currency interest rate swaps and entered into offsetting or amended agreements with the counterparties for the remaining end of swap notional principal exchanges (see note 21).

On April 15, 2009 the Company redeemed the Videon Cablesystems Inc. $130,000 Senior Debentures. In connection with the early redemption, the Company incurred costs of $9,161 and wrote-off the remaining unamortized fair value adjustment of $906.

Debt covenants

The Company and its subsidiaries have undertaken to maintain certain covenants in respect of the credit agreements and trust indentures described above. The Company and its subsidiaries were in compliance with these covenants at August 31, 2011.

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

Long-term debt repayments

Mandatory principal repayments on all long-term debt in each of the next five years and thereafter are as follows:

	$
2012	613
2013	450,652
2014	950,694
2015	738
2016	300,786
Thereafter	3,616,974
	5,320,457

11. DEFERRED CREDITS

	2011			2010		
	Amount $	Accumulated amortization $	Net book value $	Amount $	Accumulated amortization $	Net book value $
IRU prepayments	**629,119**	**131,797**	**497,322**	629,119	119,251	509,868
Equipment revenue	**364,106**	**243,671**	**120,435**	384,580	272,875	111,705
Connection fee and installation revenue	**21,501**	**11,875**	**9,626**	19,591	12,317	7,274
Deposit on future fibre sale	**2,000**	**–**	**2,000**	2,000	–	2,000
Other	**958**	**–**	**958**	1,635	–	1,635
	1,017,684	**387,343**	**630,341**	1,036,925	404,443	632,482

Amortization of deferred credits for 2011 amounted to $125,722 (2010 – $138,187; 2009 – $153,168) and was recorded in the accounts as described below.

IRU agreements are in place for periods ranging from 21 to 60 years and are being amortized to income over the agreement periods. Amortization in respect of the IRU agreements for 2011 amounted to $12,546 (2010 – $12,546; 2009 – $12,547). Amortization of equipment revenue for 2011 amounted to $106,628 (2010 – $120,639; 2009 – $132,974). Amortization of connection fee and installation revenue for 2011 amounted to $6,548 (2010 – $5,002; 2009 – $7,647) and was recorded as revenue.

12. SHARE CAPITAL

Authorized

The Company is authorized to issue a limited number of Class A voting participating shares ("Class A Shares") of no par value, as described below, and an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares") of no par value, Class 1 preferred shares, Class 2 preferred shares, Class A preferred shares and Class B preferred shares.

The authorized number of Class A Shares is limited, subject to certain exceptions, to the lesser of that number of shares (i) currently issued and outstanding and (ii) that may be outstanding after any conversion of Class A Shares into Class B Non-Voting Shares.

Number of securities				
2011	2010		2011 $	2010 $
22,520,064	22,520,064	Class A Shares	**2,468**	2,468
415,216,348	410,622,001	Class B Non-Voting Shares	**2,337,796**	2,248,030
12,000,000	–	Series A Preferred Shares	**293,195**	–
437,736,412	433,142,065		**2,633,459**	2,250,498

Class A Shares and Class B Non-Voting Shares

Class A Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. In the event that a take-over bid is made for Class A Shares, in certain circumstances, the Class B Non-Voting Shares are convertible into an equivalent number of Class A Shares.

Changes in Class A Share capital and Class B Non-Voting Share capital in 2011, 2010 and 2009 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	$	Number	$
August 31, 2008	22,550,064	2,471	405,882,652	2,060,960
Class A Share conversions	(30,000)	(3)	30,000	3
Purchase of shares for cancellation	–	–	(1,683,000)	(8,557)
Stock option exercises	–	–	3,488,130	58,975
August 31, 2009	22,520,064	2,468	407,717,782	2,111,381
Purchase of shares for cancellation	–	–	(6,100,000)	(33,007)
Stock option exercises	–	–	2,862,969	49,786
Issued in respect of an acquisition *[note 2]*	–	–	6,141,250	120,000
Share issue costs	–	–	–	(130)
August 31, 2010	22,520,064	2,468	410,622,001	2,248,030
Stock option exercises	–	–	2,690,118	50,403
Dividend reinvestment plan	–	–	1,904,229	39,363
August 31, 2011	22,520,064	2,468	415,216,348	2,337,796

During 2010 and 2009 the Company purchased for cancellation 6,100,000 and 1,683,000 Class B Non-Voting Shares, respectively, pursuant to its outstanding normal course issuer bid or otherwise, for $118,150 and $33,574. Share capital has been reduced by the stated value of the shares amounting to $33,007 and $8,557 with the excess of the amount paid over the stated value of the shares amounting to $85,143 and $25,017 charged to retained earnings, in 2010 and 2009, respectively.

Preferred Shares

On May 31, 2011, the Company issued 12,000,000 Cumulative Redeemable Rate Reset Preferred Shares, Series A ("Series A Preferred Shares") at a price of $25.00 per Series A Preferred Share for aggregate gross proceeds of $300,000. The Series A Preferred Shares represent a series of Class 2 preferred shares and were offered by way of prospectus supplement to the short form base shelf prospectus dated November 18, 2010.

Holders of the Series A Preferred Shares are entitled to receive, as and when declared by the Company's board of directors, a cumulative quarterly fixed dividend yielding 4.50% annually for the initial period ending June 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the then current 5-year Government of Canada bond yield plus 2.00%. Holders of Series A Preferred Shares will have the right, at their option, to convert their shares into Cumulative Redeemable Floating Rate Preferred Shares, Series B (the "Series B Preferred Shares"), subject to certain conditions, on June 30, 2016 and on June 30 every five years thereafter. The Series B Preferred Shares also represent a series of Class 2 preferred shares and holders will be entitled to receive cumulative quarterly dividends, as and when declared by the Company's board of directors, at a rate set quarterly equal to the then current three-month Government of Canada Treasury Bill yield plus 2.00%.

Series A Preferred Shares are classified as equity since redemption, at $25.00 per Series A Preferred Share, is at the Company's option and payment of dividends is at the Company's discretion.

Stock option plan

Under a 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 ten years from the date of grant. Options granted up to August 31, 2011 vest evenly on the anniversary dates from the original grant date at either 25% per year over four years or 20% per year over five years. 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 the plan may not exceed 52,000,000. As at August 31, 2011, 16,794,703 Class B Non-Voting Shares have been issued under the plan.

The changes in options are as follows:

	2011		2010		2009	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, beginning of year	**23,993,150**	**20.48**	23,714,667	20.21	23,963,771	19.77
Granted	**3,269,000**	**20.91**	3,965,000	19.30	4,373,000	19.62
Forfeited	**(2,601,632)**	**20.88**	(823,548)	20.80	(1,133,974)	20.67
Exercised	**(2,690,118)**	**17.08**	(2,862,969)	16.51	(3,488,130)	16.34
Outstanding, end of year	**21,970,400**	**20.91**	23,993,150	20.48	23,714,667	20.21

The following table summarizes information about the options outstanding at August 31, 2011:

	Options outstanding			Options exercisable		
Range of prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price
$ 8.69	20,000	2.14	$ 8.69	20,000	2.14	$ 8.69
$14.85 – $22.27	14,594,400	7.15	$19.13	7,303,650	5.72	$18.31
$22.28 – $26.20	7,356,000	6.01	$24.49	5,839,375	6.01	$24.45

The total intrinsic value of options exercised during 2011 was $11,890 (2010 – $11,112; 2009 – $15,801) and the aggregate intrinsic value of exerciseable in-the-money options at August 31, 2011 is $30,211.

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2011 was $3.13 (2010 – $2.94; 2009 – $3.02) per option. The fair value of each option granted was estimated on the date of the grant using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

	2011	2010	2009
Dividend yield	**4.32%**	4.52%	4.28%
Risk-free interest rate	**2.19%**	2.52%	1.94%
Expected life of options	**5 years**	5 years	5 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	**25.8%**	25.9%	26.5%

Contributed surplus

The changes in contributed surplus are as follows:

	2011 $	2010 $
Balance, beginning of year	**53,330**	38,022
Stock-based compensation	**16,631**	17,838
Stock options exercised	**(4,463)**	(2,530)
Balance, end of year	**65,498**	53,330

As at August 31, 2011, the total unamortized compensation cost related to unvested options is $19,226 with a remaining weighted average amortization period of approximately 3.2 years.

Restricted share unit plan

During 2011, the Company implemented a restricted share unit plan whereby RSUs are granted to eligible employees and officers of the Company. An RSU is a right that tracks the value of one Class B Non-Voting Share and permits the holder to receive a cash payment equal to the market value once RSUs are vested. Market value is determined by the average of the closing prices of the Class B Non-Voting Shares on the Toronto Stock Exchange for the five trading days preceding the applicable payment date as determined by the Company. When cash dividends

are paid on Class B Non-Voting Shares, holders are credited with RSUs equal to the dividend. RSUs do not have voting rights as there are no shares underlying the plan.

During 2011, $454 was recorded as compensation expense. At August 31, 2011, 243,093 RSUs were outstanding and the total unrecognized compensation expense was $4,992 which is expected to be recognized over 1.8 years.

Dividends

To the extent that dividends are declared at the election of the board of directors, the holders of Class B Non-Voting Shares are entitled to receive during each dividend period, in priority to the payment of dividends on the Class A Shares, an additional dividend at a rate of $0.0025 per share per annum. This additional dividend is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of the additional non-cumulative dividends on the Class B Non-Voting Shares, holders of Class A Shares and Class B Non-Voting Shares participate equally, share for share, as to all subsequent dividends declared.

Dividend reinvestment plan

The Company has a Dividend Reinvestment Plan ("DRIP") that allows holders of Class A Shares and Class B Non-Voting Shares who are residents of Canada to automatically reinvest monthly cash dividends to acquire additional Class B Non-Voting Shares. During the current year, the Company announced that the Class B Non-Voting Shares distributed under its DRIP would be new shares issued from treasury at a 2% discount from the 5 day weighted average market price immediately preceding the applicable dividend payment date. Previously, the Class B Non-Voting Shares were acquired on the open market at prevailing market prices. The change was effective for the May 30, 2011 dividend payment.

Share transfer restriction

The Articles of the Company empower the directors to refuse to issue or transfer any share of the Company that would jeopardize or adversely affect the right of Shaw Communications Inc. or any subsidiary to obtain, maintain, amend or renew a license to operate a broadcasting undertaking pursuant to the Broadcasting Act (Canada).

Earnings per share

Earnings per share calculations are as follows:

	2011	2010	2009
Numerator for basic and diluted earnings per share ($)			
Net income from continuing operations	**562,052**	533,776	536,475
Deduct: net income attributable to non-controlling interests	**(19,088)**	–	–
Deduct: dividends on Series A Preferred Shares	**(3,624)**	–	–
Net income from continuing operations attributable to common shareholders	**539,340**	533,776	536,475
Net loss from discontinued operations attributable to common shareholders	**(89,263)**	(1,044)	–
Net income attributable to common shareholders	**450,077**	532,732	536,475
Denominator (thousands of shares)			
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**434,881**	432,675	429,153
Effect of potentially dilutive securities	**1,071**	1,207	1,628
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**435,952**	433,882	430,781
Earnings per share – basic and diluted ($)			
Earnings per share from continuing operations	**1.24**	1.23	1.25
Loss per share from discontinued operations	**(0.21)**	–	–
Earnings per share	**1.03**	1.23	1.25

Options to purchase 21,970,400 Class B Non-Voting Shares were outstanding under the Company's stock option plan at August 31, 2011 (2010 – 23,993,150; 2009 – 23,714,667).

13. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Components of other comprehensive income (loss) and the related income tax effects for 2011 are as follows:

	Amount $	Income taxes $	Net $
Change in unrealized fair value of derivatives designated as cash flow hedges	**(14,322)**	**2,552**	**(11,770)**
Adjustment for hedged items recognized in the period	**5,880**	**(1,606)**	**4,274**
Unrealized loss on available-for-sale investment	**(12)**	**2**	**(10)**
Unrealized foreign exchange loss on translation of a self-sustaining foreign operation	**(3)**	**–**	**(3)**
	(8,457)	**948**	**(7,509)**

Components of other comprehensive income (loss) and the related income tax effects for 2010 are as follows:

	Amount $	Income taxes $	Net $
Change in unrealized fair value of derivatives designated as cash flow hedges	(53,131)	9,500	(43,631)
Adjustment for hedged items recognized in the period	19,484	(5,840)	13,644
Reclassification of foreign exchange loss on hedging derivatives to income to offset foreign exchange gain on US denominated debt	40,505	(5,565)	34,940
Reclassification of remaining losses on hedging derivatives to income upon early redemption of hedged US denominated debt	50,121	(7,463)	42,658
Unrealized foreign exchange loss on translation of a self-sustaining foreign operation	(1)	–	(1)
	56,978	(9,368)	47,610

Components of other comprehensive income (loss) and the related income tax effects for 2009 are as follows:

	Amount $	Income taxes $	Net $
Change in unrealized fair value of derivatives designated as cash flow hedges	26,693	(4,105)	22,588
Proceeds on cancellation of forward purchase contracts	13,384	(4,070)	9,314
Adjustment for hedged items recognized in the period	14,518	(75)	14,443
Reclassification of foreign exchange gain on hedging derivatives to income to offset foreign exchange loss on US denominated debt	(31,845)	4,509	(27,336)
Unrealized foreign exchange gain on translation of a self-sustaining foreign operation	31	–	31
	22,781	(3,741)	19,040

Accumulated other comprehensive income (loss) is comprised of the following:

	August 31, 2011 $	August 31, 2010 $
Unrealized foreign exchange gain on translation of a self-sustaining foreign operation	**346**	349
Unrealized loss on available-for-sale investment	**(10)**	–
Fair value of derivatives	**1,131**	8,627
	1,467	8,976

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011 $	2010 $
Trade	**99,624**	112,924
Program rights	**78,193**	12,593
CRTC benefit obligations	**53,014**	–
Accrued liabilities	**303,876**	274,334
Accrued network fees	**110,722**	100,703
Interest and dividends	**113,774**	85,211
Related parties *[note 20]*	**26,985**	35,857
Current portion of unfunded pension plan liability *[note 18]*	**8,796**	1,448
	794,984	623,070

During the current year the Company recorded $29,766 in respect of its restructuring activities to streamline operations, drive efficiencies and enhance competiveness. The restructuring included elimination of approximately 550 employee positions, management relocations and facilities consolidation. A total of $27,416 was paid and the remaining $2,350 is included in accrued liabilities at year end. The majority of the remaining employee related costs are expected to be paid in 2012 while facilities consolidation costs are expected to be incurred through fiscal 2017 as lease payments are made.

15. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax liabilities and assets are as follows:

	2011 $	2010 $
Future income tax liabilities:		
Property, plant and equipment and software intangibles	**154,626**	180,642
Broadcast rights and licenses	**1,275,389**	921,441
Partnership income	**377,931**	373,401
	1,807,946	1,475,484
Future income tax assets:		
Non-capital loss carryforwards	**51,746**	8,967
Deferred charges	**96,926**	28,107
Program rights	**6,309**	–
Foreign exchange on long-term debt and fair value of derivative instruments	**1,248**	14,547
	156,229	51,621
Net future income tax liability	**1,651,717**	1,423,863
Long-term portion of future income tax asset	**21,810**	–
Current portion of future income tax asset	**25,798**	27,996
Future income tax liability	**1,699,325**	1,451,859

Realization of future income tax assets is dependent on generating sufficient taxable income during the period in which the temporary differences are deductible. Although realization is not assured, management believes it is more likely than not that all future income tax assets will be realized based on reversals of future income tax liabilities, projected operating results and tax planning strategies available to the Company and its subsidiaries.

The Company has capital loss carryforwards of approximately $149,600 for which no future income tax asset has been recognized in the accounts. These capital losses can be carried forward indefinitely.

The income tax expense differs from the amount computed by applying Canadian statutory rates to income before income taxes for the following reasons:

	2011 $	2010 $	2009 $
Current statutory income tax rate	**27.9%**	29.3%	30.2%
Income tax expense at current statutory rates	**209,998**	213,455	219,787
Increase (decrease) in taxes resulting from:			
Non-taxable portion of foreign exchange gains or losses and amounts on sale/write-down of assets and investments	**697**	(1,221)	(551)
Decrease in valuation allowance	**(4,258)**	(11,036)	(3,463)
Effect of future tax rate reductions	**–**	(17,643)	(22,582)
Originating temporary differences recorded at future tax rates expected to be in effect when realized	**2,733**	(11,235)	(9,753)
Other	**(4,341)**	11,169	7,759
Income tax expense	**204,829**	183,489	191,197

Significant components of income tax expense are as follows:

	2011 $	2010 $	2009 $
Current income tax expense	**209,649**	167,767	23,300
Future income tax expense (recovery) related to origination and reversal of temporary differences	**(562)**	44,401	193,942
Future income tax recovery resulting from rate changes and valuation allowance	**(4,258)**	(28,679)	(26,045)
Income tax expense	**204,829**	183,489	191,197

16. BUSINESS SEGMENT INFORMATION

The Company's operating segments are Cable, Media, DTH and Satellite Services, all of which are substantially located in Canada. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Management evaluates divisional performance based on revenue and operating income before charges such as amortization.

	2011						
			Satellite				
	Cable $	Media $	DTH $	Satellite Services $	Total $	Intersegment Eliminations $	Total $
Revenue	3,095,456	890,913	745,350	82,181	827,531	(72,997)	4,740,903
Operating income before amortization	1,491,700	251,561	245,176	42,391	287,567	–	2,030,828
Operating income as % of revenue	48.2%	28.2%	32.9%	51.6%	34.7%	–	42.8%
Interest[1]	231,678	53,237	n/a	n/a	25,952	–	310,867
Burrard Landing Lot 2 Holdings Partnership							1,291
Wireless							19,426
							331,584
Cash taxes [2]	163,600	24,600	n/a	n/a	51,400	–	239,600
Corporate/other							(29,951)
							209,649
Segment assets	7,249,671	2,830,944	861,424	502,810	1,364,234	–	11,444,849
Corporate assets [1]							1,065,028
Assets held for sale							16,000
Total assets							12,525,877
Capital expenditures and equipment costs (net) by segment							
Capital expenditures	677,375	27,060	5,962	25,520	31,482	–	735,917
Equipment costs (net)	31,442	–	75,341	–	75,341	–	106,783
	708,817	27,060	81,303	25,520	106,823	–	842,700
Reconciliation to Consolidated Statements of Cash Flows							
Additions to property, plant and equipment							704,461
Additions to equipment costs (net)							119,933
Additions to other intangibles							64,727
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows							889,121
Decrease in working capital related to capital expenditures							(16,679)
Less: Proceeds on disposal of property, plant and equipment							(26,826)
Less: Satellite services equipment profit [4]							(2,916)
Total capital expenditures and equipment costs (net) reported by segments							842,700

See notes following 2009 business segment table.

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

	2010					
		Satellite				
	Cable $	DTH $	Satellite Services $	Total $	Intersegment Eliminations $	Total $
Revenue	2,931,976	721,952	82,600	804,552	(18,948)	3,717,580
Operating income before amortization [(6)]	1,453,429	264,914	41,804	306,718	–	1,760,147
Operating income as % of revenue	49.6%	36.7%	50.6%	38.1%	–	47.3%
Interest [(1)]	213,898	n/a	n/a	26,251	–	240,149
Burrard Landing Lot 2 Holdings Partnership						1,326
Wireless						6,536
						248,011
Cash taxes [(2)]	136,000	n/a	n/a	44,000	–	180,000
Corporate/other						(12,233)
						167,767
Segment assets	7,111,526	844,502	483,404	1,327,906	–	8,439,432
Corporate assets [(1)]						878,694
Media assets						739,125
Wireless assets						96,714
Total assets						10,153,965
Capital expenditures and equipment costs (net) by segment						
Capital expenditures	739,136	3,139	2,113	5,252	–	744,388
Equipment costs (net)	17,949	80,359	–	80,359	–	98,308
	757,085	83,498	2,113	85,611	–	842,696
Reconciliation to Consolidated Statements of Cash Flows						
Additions to property, plant and equipment						675,036
Additions to equipment costs (net)						98,308
Additions to other intangibles						37,200
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows						810,544
Increase in working capital related to capital expenditures						35,656
Less: Proceeds on disposal of property, plant and equipment						(430)
Less: Satellite services equipment profit [(4)]						(3,040)
Less: Partnership capital expenditures [(5)]						(34)
Total capital expenditures and equipment costs (net) reported by segments						842,696

See notes following 2009 business segment table.

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

	2009					
		Satellite				
	Cable $	DTH $	Satellite Services $	Total $	Intersegment Eliminations $	Total $
Revenue	2,635,832	684,831	90,205	775,036	(19,955)	3,390,913
Operating income before amortization	1,267,937	223,341	49,331	272,672	–	1,540,609
Operating income as % of revenue	48.1%	32.6%	54.7%	35.2%	–	45.4%
Interest[(1)]	209,438	n/a	n/a	26,251	–	235,689
Burrard Landing Lot 2 Holdings Partnership						1,358
						237,047
Cash taxes[(2)]	23,300	n/a	n/a	–	–	23,300
Segment assets	6,599,120	855,283	498,720	1,354,003	–	7,953,123
Corporate assets[(1)]						981,563
Total assets						8,934,686
Capital expenditures and equipment costs (net) by segment						
Capital expenditures	658,862	4,907	192	5,099	–	663,961
Equipment costs (net)	35,222	76,362	–	76,362	–	111,584
	694,084	81,269	192	81,461	–	775,545
Reconciliation to Consolidated Statements of Cash Flows						
Additions to property, plant and equipment						623,695
Additions to equipment costs (net)						124,968
Additions to other intangibles						54,223
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows						802,886
Increase in working capital related to capital expenditures						11,559
Less: Proceeds on disposal of property, plant and equipment						(22,081)
Less: Realized gains on cancellation of US dollar forward purchase contracts [(3)]						(13,384)
Less: Satellite services equipment profit [(4)]						(3,435)
Total capital expenditures and equipment costs (net) reported by segments						775,545

(1) The Company reports interest on a segmented basis for Cable, Media, Wireless and combined satellite only. It does not report interest on a segmented basis for DTH and Satellite Services. Effective August 31, 2011, Wireless is presented as discontinued operations with restatement of comparative periods. Interest was allocated to the Wireless division based on the Company's average cost of borrowing to fund the capital expenditures and operating costs and therefore has not been included in discontinued operations. Upon restatement of comparative periods, wireless spectrum licenses have been reclassified to corporate segment assets.

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

(3) The Company realized gains totaling $13,384 on cancellation of certain of its US dollar forward purchase contracts in respect of capital expenditures and equipment costs. The gains were included in other comprehensive income and reclassified to the initial carrying amount of capital assets or equipment costs when the assets were recognized.

(4) 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.

(5) Consolidated capital expenditures include the Company's proportionate share of the Burrard Landing Lot 2 Holdings Partnership (the "Partnership") capital expenditures which the Company is required to proportionately consolidate. As the Partnership's operations are self funded, the Partnership's capital expenditures are subtracted from the calculation of segmented capital expenditures and equipment costs (net).

(6) 2010 includes the impact of a one-time CRTC Part II fee recovery of $48,662 for Cable and $26,570 for combined satellite.

17. COMMITMENTS AND CONTINGENCIES

Commitments

(i) During prior years, the Company, through its subsidiaries, purchased 28 Ku-band transponders on the Anik F1 satellite and 18 Ku-band transponders on the Anik F2 satellite from Telesat Canada. During 2006, the Company's traffic on the Anik F1 was transferred to the Anik F1R under a capacity services arrangement which has all of the same substantive benefits and obligations as on Anik F1. In addition, the Company leases a number of C-band and Ku-band transponders. Under the Ku-band F1 and F2 transponder purchase agreements, the Company is committed to paying an annual transponder maintenance fee for each transponder acquired from the time the satellite becomes operational for a period of 15 years.

(ii) The Company has various long-term commitments of which the majority are for the maintenance and lease of satellite transponders, program related agreements, lease of transmission facilities, and lease of premises as follows:

	$
2012	616,542
2013	286,249
2014	264,107
2015	257,086
2016	136,598
Thereafter	492,386
	2,052,968

Program agreements generally commit the Company to acquire specific programs or films or certain levels of future productions. The acquisition of these program rights is contingent on actual production or airing of the programs or films. At August 31, 2011, there is approximately $430,000 included above in respect of such program rights commitments.

Included in operating, general and administrative expenses are transponder maintenance expenses of $58,381 (2010 – $58,369; 2009 – $58,343) and rental expenses of $90,181 (2010 – $66,987; 2009 – $67,663).

(iii) At August 31, 2011, the Company had capital expenditure commitments in the normal course of business including $24,500 for transponders on the new Anik G1 satellite which is expected to be available in fiscal 2013.

(iv) As part of the CRTC decision approving the acquisition of the broadcasting businesses in the current year, the Company is required to contribute approximately $180,000 in new benefits to the Canadian broadcasting system over the following seven years. The obligation has been recorded in the income statement at fair value, being the sum of the discounted future net cash flows using a 5.75% discount rate. In addition, the Company assumed the CRTC benefit obligation from Canwest's acquisition of Specialty services in 2007. At August 31, 2011, the remaining expenditure commitments in respect of both of these obligations is approximately $244,000 which will be funded over future years through fiscal 2017.

Contingencies

The Company and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although resolution of such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these consolidated financial statements.

Guarantees

In the normal course of business the Company enters into indemnification agreements and has issued irrevocable standby letters of credit and performance bonds with and to third parties.

Indemnities

Many agreements related to acquisitions and dispositions of business assets include indemnification provisions where the Company may be required to make payment to a vendor or purchaser for breach of contractual terms of the agreement with respect to matters such as litigation, income taxes payable or refundable or other ongoing disputes. The indemnification period usually covers a period of two to four years. Also, in the normal course of business, the Company has provided indemnifications in various commercial agreements, customary for the telecommunications industry, which may require payment by the Company for breach of contractual terms of the agreement. Counterparties to these agreements provide the Company with comparable indemnifications. The indemnification period generally covers, at maximum, the period of the applicable agreement plus the applicable limitations period under law.

The maximum potential amount of future payments that the Company would be required to make under these indemnification agreements is not reasonably quantifiable as certain indemnifications are not subject to limitation. However, the Company enters into indemnification agreements only when an assessment of the business circumstances would indicate that the risk of loss is remote. At August 31, 2011, management believes it is remote that the indemnification provisions would require any material cash payment.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

Irrevocable standby letters of credit and commercial surety bonds

The Company and certain of its subsidiaries have granted irrevocable standby letters of credit and commercial surety bonds, issued by high rated financial institutions, to third parties to indemnify them in the event the Company does not perform its contractual obligations. As of August 31, 2011, the guarantee instruments amounted to $2,274 (2010 – $1,110). The Company has not recorded any additional liability with respect to these guarantees, as the Company does not expect to make any payments in excess of what is recorded on the Company's consolidated financial statements. The guarantee instruments mature at various dates during fiscal 2012 and 2013.

18. EMPLOYEE BENEFIT PLANS

Defined contribution pension plans

The Company has defined contribution pension plans for the majority of its non-union and certain union employees and, for the majority of these employees, contributes 5% of eligible earnings to the maximum amount deductible under the Income Tax Act. Total pension costs in respect of these plans for the year were $29,161 (2010 – $23,550; 2009 – $21,148) of which $18,080 (2010 – $13,755; 2009 – $12,281) was expensed and the remainder capitalized. During 2011, in addition to the impact of salary escalation and growth of eligible employees, pension expense was also impacted by the Media business acquisition.

Defined benefit pension plans

The Company provides a non-contributory defined benefit pension plan for certain of its senior executives. Benefits under this plan are based on the employees' length of service and their highest three-year average rate of pay during their years of service. Employees are not required to contribute to this plan and the plan is unfunded. There are no minimum required contributions and no discretionary contributions are currently planned.

The table below shows the change in benefit obligation for this plan.

	2011 $	2010 $
Accrued benefit obligation and plan deficit, beginning of year	**274,594**	195,659
Current service cost	**6,288**	5,448
Past service cost	**–**	12,057
Interest cost	**16,109**	13,557
Actuarial losses	**42,847**	49,321
Payment of benefits	**(5,910)**	(1,448)
Accrued benefit obligation and plan deficit, end of year	**333,928**	274,594

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

Reconciliation of accrued benefit obligation to Consolidated Balance Sheet accrued pension benefit liability	2011 $	2010 $
Balance of unamortized pension obligation:		
Past service costs	**30,267**	36,043
Actuarial loss	**137,545**	104,264
	167,812	140,307
Accrued pension benefit liability recognized in Consolidated Balance Sheet:		
Accounts payable and accrued liabilities	**8,796**	1,448
Other long-term liabilities	**157,320**	132,839
	166,116	134,287
Accrued benefit obligation, end of year as above	**333,928**	274,594

The tables below show the significant weighted-average assumptions used to measure the pension obligation and cost for this plan.

Accrued benefit obligation	2011 %	2010 %
Discount rate	**5.50**	5.75
Rate of compensation increase	**5.00**	5.00

Benefit cost for the year	2011 %	2010 %	2009 %
Discount rate	**5.75**	6.75	6.25
Rate of compensation increase	**5.00**	5.00	5.00

The table below shows the components of the net benefit plan expense.

	2011 $	2010 $	2009 $
Current service cost	**6,288**	5,448	5,002
Interest cost	**16,109**	13,557	11,817
Past service cost	**–**	12,057	–
Actuarial losses (gains)	**42,847**	49,321	(4,507)
Difference between amortization of actuarial loss recognized for the year and actual actuarial loss on the accrued benefit obligation for the year	**(33,281)**	(43,834)	10,357
Difference between amortization of past service costs recognized for the year and actual past service costs on the accrued benefit obligation for the year	**5,776**	(7,226)	4,831
Pension expense	**37,739**	29,323	27,500

The actuarial losses (gains) resulted primarily from changes in interest rate assumptions, salary escalation assumptions, and changes in the mortality table. The past service costs result from amendments to the plan, including new entrants.

As part of the broadcasting business acquisition in the current year, the Company assumed a number of funded defined benefit pension plans which provide pension benefits to certain unionized and non-unionized employees. Benefits under these plans are based on the employees' length of service and final average salary.

The table below shows the change in the benefit obligations, change in fair value of plan assets and the funded status of these defined benefit plans.

	2011 $
Accrued benefit obligation, beginning of year	**–**
Media business acquisition	**124,639**
Current service cost	**4,146**
Interest cost	**5,966**
Employee contributions	**632**
Actuarial gains	**(7,317)**
Payment of benefits	**(8,693)**
Accrued benefit obligation, end of year	**119,373**
Fair value of plan assets, beginning of year	**–**
Media business acquisition	**110,147**
Employer contributions	**6,012**
Employee contributions	**632**
Actual return on plan assets	**1,346**
Payment of benefits and administrative expenses	**(8,693)**
Fair value of plan assets, end of year	**109,444**
Plan deficit	**9,929**
Unamortized net actuarial gain	**2,344**
Accrued benefit liability, end of year	**12,273**

The accrued benefit liability is included in other long-term liabilities.

The asset allocation of the plans at August 31, 2011 is as follows:

	% of plan assets
Equity securities	**57**
Fixed income securities	**40**
Other	**3**
	100

Disaggregation of the Company's funded pension plans to show the funded statuses at August 31, 2011 is as follows:

	Accrued benefit obligation $	Plan assets $	Surplus (deficit) $
Pension plans with assets in excess of accrued benefit obligations	9,297	9,429	132
Pension plans with accrued benefit obligations in excess of assets	110,076	100,015	(10,061)
	119,373	109,444	(9,929)

The tables below show the significant weighted-average assumptions used to measure the pension obligation and cost for these plans.

Accrued benefit obligation	2011 %
Discount rate	**5.75**
Rate of compensation increase	**4.00**

Benefit cost for the year	2011 %
Discount rate	**5.65**
Expected return on plan assets	**6.70**
Rate of compensation increase	**3.70**

The table below shows the components of the net defined benefit plan expense.

	2011 $
Current service cost	4,146
Interest cost	5,966
Actual return on plan assets	(1,346)
Actuarial gains	(7,317)
Difference between amortization of actuarial gain recognized for the year and actual actuarial gain on the accrued benefit obligation for the year	7,317
Difference between expected return and actual return on plan assets for the year	(4,973)
Pension expense	3,793

The actuarial gains resulted primarily from changes in interest rate assumptions, salary escalation assumptions, and changes in the mortality table.

Other Benefit Plans

As part of the broadcasting business acquisition in the current year, the Company assumed post employments benefits plans that provide post retirement health and life insurance coverage.

	2011 $
Accrued benefit obligation, beginning of year	–
Media business acquisition	14,878
Current service cost	381
Interest cost	700
Actuarial loss	107
Plan amendment	(430)
Payment of benefits	(266)
Accrued benefit obligation and plan deficit, end of year	15,370

Reconciliation of accrued benefit obligation to Consolidated Balance Sheet accrued benefit liability	2011 $
Balance of unamortized obligation:	
Actuarial loss	107
Plan amendment	(430)
	(323)
Accrued post-retirement liability recognized in Consolidated Balance Sheet:	
Other long-term liabilities	15,693
Accrued benefit obligation, end of year as above	15,370

The table below shows the components of the post-retirement benefit plan expense.

	2011 $
Current service cost	**381**
Interest cost	**700**
Actuarial loss	**107**
Plan amendment	**(430)**
Difference between amortization of actuarial loss recognized for the year and actual actuarial loss on the accrued benefit obligation for the year	**(107)**
Difference between amortization of the plan amendment for the year and the actual plan amendment on the accrued benefit obligation for the year	**430**
Post-retirement expense	**1,081**

The discount rate used to measure the post-retirement benefit cost for the year and the accrued benefit obligation as at August 31, 2011 was 5.50%. The assumed health care cost trend rate for the next year used to measure expected benefit costs is 6.49% decreasing to an ultimate rate of 4.57% in 2029. A one percentage point increase in the assumed health care cost trend rate would have increased the service and interest costs and accrued obligation by $208 and $2,414, respectively. A one percentage point decrease in the assumed health care cost trend rate would have lowered the service and interest costs and accrued obligation by $161 and $1,934, respectively.

Benefit Payments

The table below shows the expected benefit payments for all defined benefit plans and other post employment benefit plans in each of the next five fiscal years as actuarially determined, and in aggregate, for the five fiscal years there after:

	Pensions $	Other Benefits $
2012	13,673	458
2013	14,185	493
2014	18,838	532
2015	26,940	580
2016	26,978	624
2017 – 2021	138,517	3,866

19. OTHER LONG-TERM LIABILITIES

	2011 $	2010 $
Pension liabilities *[note 18]*	**169,593**	132,839
Amended cross-currency interest rate agreements *[note 21]*	**–**	158,661
CRTC benefit obligations	**146,970**	–
Post retirement liabilities *[note 18]*	**15,693**	–
Program rights liabilities	**7,527**	–
Asset retirement obligations	**7,770**	–
Other	**3,569**	–
	351,122	291,500

20. RELATED PARTY TRANSACTIONS

The following sets forth transactions in which the Company and its affiliates, directors or executive officers are involved.

Normal course transactions

The Company has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Corus Entertainment Inc. ("Corus")

The Company and Corus are subject to common voting control. During the year, network fees of $136,487 (2010 – $135,334; 2009 – $121,659), advertising fees of $1,482 (2010 – $502; 2009 – $621) and programming fees of $876 (2010 – $1,070; 2009 – $1,066) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided administrative and other services for $1,274 (2010 – $1,909; 2009 – $1,934), uplink of television signals for $4,861 (2010 – $4,930; 2009 – $5,112) and Internet services and lease of circuits for $1,488 (2010 – $1,461; 2009 – $1,167). During 2010 and 2009, the Company provided cable system distribution access and affiliate broadcasting services to Corus Custom Networks, the advertising division of Corus, for $1,518 and $1,514, respectively.

The Company provided Corus with television advertising spots in return for radio and television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Burrard Landing Lot 2 Holdings Partnership

During the year, the Company paid $9,522 (2010 – $9,571; 2009 – $9,886) to the Partnership for lease of office space in Shaw Tower. Shaw Tower, located in Vancouver, BC, is the Company's headquarters for its Lower Mainland operations.

Specialty Channels

As a result of the television broadcasting business acquisition in the current year (see note 2), the Company acquired interests in a number of specialty television channels which are subject to either joint control or significant influence. The Company paid network fees of $5,084 and provided uplink of television signals of $923 to these channels during the period October 27, 2010 to August 31, 2011.

Other

The Company has entered into certain transactions with companies that are affiliated with Directors of the Company as follows:

The Company paid $3,944 (2010 – $4,302; 2009 – $3,555) for direct sales agent, marketing, installation and maintenance services to a company controlled by a Director of the Company.

During the year, the Company paid $5,683 (2010 – $6,162; 2009 – $6,094) for remote control units to a supplier where Directors of the Company hold positions on the supplier's board of directors.

Other transactions

The Company has entered into certain transactions with Directors and senior officers of the Company as follows:

Loans, interest and non-interest bearing, have in the past been granted to executive officers in connection with their employment for periods ranging up to 10 years. The effective interest rate on the interest bearing loan for 2011 was 1.0% (2010 – 1.0%; 2009 – 1.9%). The remaining amount outstanding of $3,600 was repaid during 2011.

21. FINANCIAL INSTRUMENTS

Fair values

The fair value of financial instruments has been determined as follows:

(i) Current assets and current liabilities

The fair value of financial instruments included in current assets and current liabilities approximates their carrying value due to their short-term nature.

(ii) Investments and other assets

The carrying value of investments and other assets approximates their fair value. Certain private investments where market value is not readily determinable are carried at cost net of write-downs.

(iii) Other long-term assets

The fair value of long-term receivables approximate their carrying value as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

(iv) Other current/non-current liabilities

The carrying value of the liability in respect of amended cross-currency interest rate agreements, which fix the settlement of the principal portion of the liability on December 15, 2011, is at amortized cost based on an estimated mark-to-market valuation at the date of amendment. The fair value of this liability is determined using an estimated mark-to-market valuation. The fair value of program rights payable, estimated by discounting future cash flows, approximates their carrying value.

(v) Long-term debt

The carrying value of long-term debt is at amortized cost based on the initial fair value as determined at the time of issuance or at the time of a business acquisition. The fair value of publicly traded notes is based upon current trading values. Other notes and debentures are valued based upon current trading values for similar instruments.

(vi) Derivative financial instruments

The fair value of cross-currency interest rate exchange agreements and US currency forward purchase contracts is determined using an estimated credit-adjusted mark-to-market valuation.

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The carrying values and estimated fair values of long-term debt, other liabilities and derivative financial instruments are as follows:

	2011		2010	
	Carrying value $	Estimated fair value $	Carrying value $	Estimated fair value $
Assets				
Derivative financial instruments –				
Cross-currency interest rate exchange agreement	–	–	56,716	56,716
US currency forward purchase contracts	**1,560**	**1,560**	10,002	10,002
	1,560	**1,560**	66,718	66,718
Liabilities				
Other current/non-current liability	**161,271**	**161,603**	158,661	159,689
Long-term debt	**5,256,554**	**5,541,807**	3,982,228	4,353,028
Derivative financial instruments –				
Cross-currency interest rate exchange agreements	**7,508**	**7,508**	86,222	86,222
	5,425,333	**5,710,918**	4,227,111	4,598,939

Derivative financial instruments have maturity dates throughout fiscal 2012. The Company's estimate of the net amount of existing gains or losses arising from the unrealized fair value of derivatives designated as cash flow hedges which are reported in accumulated other comprehensive income at August 31, 2011 and would be reclassified to net income in the next twelve months, excluding tax effects, is a gain of $1,560 for US currency forward purchase contracts based on contractual maturities.

As at August 31, 2011 and 2010, US currency forward purchase contracts qualified as hedging instruments and were designated as cash flow hedges. The cross-currency interest rate exchange agreements did not qualify as hedging instruments as the underlying hedged US denominated debt was repaid during 2010.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value measurements

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs for the asset or liability are based on observable market data, either directly or indirectly, other than quoted prices.

Level 3 Inputs for the asset or liability that are not based on observable market data.

The following tables represent the Company's derivative instruments measured at fair value on a recurring basis and the basis for that measurement:

	August 31, 2011			
	Carrying value $	Quoted prices in active markets for identical instrument (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets				
US currency forward purchase contracts	**1,560**	–	**1,560**	–
Liabilities				
Cross-currency interest rate exchange agreements	**7,508**	–	**7,508**	–

	August 31, 2010			
	Carrying value $	Quoted prices in active markets for identical instrument (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
Assets				
Cross-currency interest rate exchange agreement	56,716	–	56,716	–
US currency forward purchase contracts	10,002	–	10,002	–
	66,718	–	66,718	–
Liabilities				
Cross-currency interest rate exchange agreements	86,222	–	86,222	–

Cross-currency interest rate exchange agreements

During 2010, the Company redeemed all of its outstanding US $440,000 8.25% senior notes due April 11, 2010, US $225,000 7.25% senior notes due April 6, 2011 and US $300,000 7.20% senior notes due December 15, 2011. In conjunction with the redemption of the US $440,000 and US $225,000 senior notes, the Company paid $146,065 to unwind and settle a portion of the principal component of two of the associated cross-currency interest rate swaps and simultaneously entered into offsetting currency swap transactions for the remaining outstanding notional principal amounts (i.e. the end of swap notional exchanges) and paid $145,855 in respect of these offsetting swap transactions. These cross-currency agreements were settled in 2011. In addition, upon redemption of the US $300,000 senior notes, the Company entered into amended agreements with the counterparties of the cross-currency agreements to fix the settlement of the principal liability on December 15, 2011 at $162,150. At August 31, 2011, the carrying amount of the liability was $161,271 (2010- $158,661).

Upon redemption of the underlying hedged US denominated debt in 2010, the associated cross-currency interest rate exchange agreements no longer qualified as cash flow hedges and the remaining loss in accumulated other comprehensive loss of $50,121 was reclassified to the income statement.

Risk management

The Company is exposed to various market risks including currency risk and interest rate risk, as well as credit risk and liquidity risk associated with financial assets and liabilities. The Company has designed and implemented various risk management strategies, discussed further below, to ensure the exposure to these risks is consistent with its risk tolerance and business objectives.

Currency risk

Certain of the Company's capital expenditures and equipment costs are incurred in US dollars, while its revenue is primarily denominated in Canadian dollars. Decreases in the value of the Canadian dollar relative to the US dollar could have an adverse effect on the Company's cash flows. To mitigate some of the uncertainty in respect to capital expenditures and equipment costs, the Company regularly enters into forward contracts in respect of US dollar commitments. With respect to 2011, the Company entered into forward contracts to purchase US $144,000 over a period of 11 months commencing in October 2010 at an average exchange rate of 1.0249 Cdn. In addition, the Company entered into forward contracts to purchase US $440,000 in respect of the closing of the Canwest acquisition on October 26, 2010 at an average rate of $1.0168. At August 31, 2011 the Company had forward contracts to purchase US $48,000 over a period of 12 months commencing in September 2011 at an average exchange rate of 0.9499 Cdn in respect of capital expenditures and equipment costs.

As part of the broadcasting business acquisition, the Company assumed US dollar denominated debt. To mitigate some of the foreign exchange risk with respect to interest payments and amounts due on redemption of the senior unsecured notes, the Company entered into forward contracts to purchase US $340,000 at an average exchange rate of 0.9931. During prior years, the Company had utilized cross-currency swaps, where appropriate, to hedge its exposures on US dollar denominated debenture indebtedness, all of which was redeemed during 2010.

Interest rate risk

Due to the capital-intensive nature of its operations, the Company utilizes long-term financing extensively in its capital structure. The primary components of this structure are banking facilities and various Canadian senior notes with varying maturities issued in the public markets as more fully described in note 10.

Interest on the Company's banking facilities is based on floating rates, while the senior notes are fixed-rate obligations. The Company utilizes its credit facility to finance day-to-day operations and, depending on market conditions, periodically converts the bank loans to fixed-rate instruments through public market debt issues. As at August 31, 2011, 100% of the Company's consolidated long-term debt was fixed with respect to interest rates.

Market risk

Net income and other comprehensive income for 2011 could have varied if the Canadian dollar to US dollar foreign exchange rates or market interest rates varied by reasonably possible amounts.

The sensitivity to currency risk has been determined based on a hypothetical change in Canadian dollar to US dollar foreign exchange rates of 10%. The financial instruments impacted by this hypothetical change include foreign exchange forward contracts and cross-currency interest rate exchange agreements and would have changed net income by $766 net of tax (2010 – $3,759) and other comprehensive income by $4,035 net of tax (2010 – $18,378). A portion of the Company's accounts receivables and accounts payable and accrued liabilities is denominated in US dollars; however, due to their short-term nature, there is no significant market risk arising from fluctuations in foreign exchange rates.

The sensitivity to interest rate risk has been determined based on a hypothetical change of one percentage or 100 basis points. The financial instruments impacted by this hypothetical change include foreign exchange forward contracts and cross-currency interest rate exchange agreements and would have changed net income by $16 net of tax (2010 – $200) and other comprehensive income by $22 net of tax (2010 – $51). Interest on the Company's banking facilities is based on floating rates and there is no significant market risk arising from fluctuations in interest rates.

Credit risk

Accounts receivable in respect of Cable and Satellite divisions are not subject to any significant concentrations of credit risk due to the Company's large and diverse customer base. For the Media division, a significant portion of sales are made to advertising agencies which results in some concentration of credit risk. At August 31, 2011, approximately 58% of the $175,929 of

advertising receivables is due from the ten largest accounts. The largest amount due from an advertising agency is $20,393 which is approximately 12% of advertising receivables. As at August 31, 2011, the Company had accounts receivable of $442,817 (2010 – $196,415), net of the allowance for doubtful accounts of $28,797 (2010 – $18,969). The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the subscriber account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances. As at August 31, 2011, $121,221 (2010 – $79,434) of accounts receivable is considered to be past due, defined as amounts outstanding past normal credit terms and conditions. Uncollectible accounts receivable are charged against the allowance account based on the age of the account and payment history. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The Company mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers. Credit is extended and credit limits are determined based on credit assessment criteria and credit quality. In addition, the Company mitigates credit risk of subscriber receivables through advance billing and procedures to downgrade or suspend services on accounts that have exceeded agreed credit terms.

Credit risks associated with cross-currency interest rate exchange agreements and US currency contracts arise from the inability of counterparties to meet the terms of the contracts. In the event of non-performance by the counterparties, the Company's accounting loss would be limited to the net amount that it would be entitled to receive under the contracts and agreements. In order to minimize the risk of counterparty default under its swap agreements, the Company assesses the creditworthiness of its swap counterparties. Currently 100% of the total swap portfolio is held by financial institutions with Standard & Poor's (or equivalent) ratings ranging from AA- to A-1.

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by monitoring cash flow generated from operations, available borrowing capacity, and by managing the maturity profiles of its long term debt.

The Company's undiscounted contractual maturities as at August 31, 2011 are as follows:

	Accounts payable and accrued liabilities[1] $	Other liabilities $	Long-term debt repayable at maturity $	Derivative instruments[2] $	Interest payments $
Within one year	794,984	162,150	613	7,567	331,207
1 to 3 years	–	7,527	1,401,346	–	607,994
3 to 5 years	–	–	301,524	–	474,977
Over 5 years	–	–	3,616,974	–	2,693,800
	794,984	169,677	5,320,457	7,567	4,107,978

(1) Includes accrued interest and dividends of $113,774.

(2) The estimated net undiscounted cash outflow for derivative instruments is based on the US dollar foreign exchange rate as at August 31, 2011.

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

22. CONSOLIDATED STATEMENTS OF CASH FLOWS

Additional disclosures with respect to the Consolidated Statements of Cash Flows are as follows:

(i) Funds flow from continuing operations

	2011 $	2010 $	2009 $
Net income from continuing operations	**562,052**	533,776	536,475
Adjustments to reconcile net income to funds flow from operations			
Amortization –			
Deferred IRU revenue	**(12,546)**	(12,546)	(12,547)
Deferred equipment revenue	**(106,628)**	(120,639)	(132,974)
Deferred equipment costs	**204,712**	228,714	247,110
Deferred charges	**1,025**	1,025	1,025
Property, plant and equipment	**604,214**	526,432	449,808
Other intangibles	**45,210**	33,285	30,774
Financing costs – long-term debt	**4,302**	3,972	3,984
Program rights	**101,106**	–	–
Future income tax expense (recovery)	**(4,820)**	15,722	167,897
Equity loss (income) on investee	**(14,200)**	11,250	99
Debt retirement costs	**–**	81,585	8,255
Gain on redemption of debt	**(32,752)**	–	–
CRTC benefit obligation *[note 2]*	**139,098**	–	–
CRTC benefit obligation payments	**(30,357)**	–	–
Business acquisition, integration and restructuring expenses	**37,196**	–	–
Stock-based compensation	**14,691**	17,838	16,974
Defined benefit pension plans	**29,610**	27,875	26,052
Loss on derivative instruments	**22,022**	45,164	–
Realized loss on settlement of derivative instruments	**(29,245)**	(26,357)	–
Payments on cross-currency agreements *[note 2]*	**(86,109)**	–	–
Foreign exchange gain on unhedged long-term debt	**(16,695)**	–	–
Accretion of long-term liabilities	**14,975**	2,142	–
Gain on cancellation of bond forward	**–**	–	(10,757)
Other	**(3,682)**	7,561	(8,335)
Funds flow from continuing operations	**1,443,179**	1,376,799	1,323,840

(ii) Changes in non-cash working capital balances related to continuing operations include the following:

	2011 $	2010 $	2009 $
Accounts receivable	**54,181**	(1,217)	(5,714)
Other current assets	**(13,298)**	(2,115)	(14,393)
Accounts payable and accrued liabilities	**(53,842)**	(76,608)	47,781
Income taxes payable	**(196,683)**	156,748	22,894
Unearned revenue	**8,114**	5,044	8,522
	(201,528)	81,852	59,090

(iii) Interest and income taxes paid and classified as operating activities are as follows:

	2011 $	2010 $	2009 $
Interest	**331,994**	237,377	231,594
Income taxes	**399,927**	4,243	404

(iv) Non-cash transactions

The Consolidated Statements of Cash Flows exclude the following non-cash transactions:

	2011 $	2010 $	2009 $
Issuance of Class B Non-Voting Shares:			
Dividend reinvestment plan *[note 12]*	**39,363**	–	–
Cable system acquisition *[note 2]*	**–**	120,000	–

23. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are:

(i) to maintain a capital structure which optimizes the cost of capital, provides flexibility and diversity of funding sources and timing of debt maturities, and adequate anticipated liquidity for organic growth and strategic acquisitions;

(ii) to maintain compliance with debt covenants; and

(iii) to manage a strong and efficient capital base to maintain investor, creditor and market confidence.

The Company defines capital as comprising all components of shareholders' equity (other than non-controlling interests and amounts in accumulated other comprehensive income/loss), long-term debt (including the current portion thereof), and bank indebtedness less cash and cash equivalents.

	August 31, 2011	August 31, 2010
Cash and cash equivalents	**(443,427)**	(216,735)
Long-term debt repayable at maturity	**5,320,457**	4,021,033
Share capital	**2,633,459**	2,250,498
Contributed surplus	**65,498**	53,330
Retained earnings	**516,462**	457,728
	8,092,449	6,565,854

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. The Company may also from time to time change or adjust its objectives when managing capital in light of the Company's business circumstances, strategic opportunities, or the relative importance of competing objectives as determined by the Company. There is no assurance that the Company will be able to meet or maintain its currently stated objectives.

On November 25, 2010, 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 37,000,000 Class B Non-Voting Shares during the period December 1, 2010 to November 30, 2011.

The Company's banking facilities are subject to covenants which include maintaining minimum or maximum financial ratios, including total debt to operating cash flow and operating cash flow to fixed charges. At August 31, 2011, the Company is in compliance with these covenants and based on current business plans and economic conditions, the Company is not aware of any condition or event that would give rise to non-compliance with the covenants.

The Company's overall capital structure management strategy remains unchanged from the prior year.

24. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements of the Company are prepared in Canadian dollars in accordance with Canadian GAAP. The following adjustments and disclosures would be required in order to present these consolidated financial statements in accordance with US GAAP.

Upon adoption of IFRS effective September 1, 2011, the Company will no longer be required to reconcile its consolidated financial statements to US GAAP.

(a) Reconciliation to US GAAP

	2011 $	2010 $	2009 $
Net income from continuing operations using Canadian GAAP	**562,052**	533,776	536,475
Add (deduct) adjustments for:			
Deferred charges and credits (2) (8)	**(2,337)**	14,539	4,576
Business acquisition costs (3)	**17,263**	(12,739)	–
Gain (loss) on derivative instruments (7)	**(3,327)**	10,002	–
Capitalized interest (10)	**22,358**	8,195	1,337
Income taxes (11)	**(7,795)**	(13,839)	(3,613)
Net income from continuing operations using US GAAP	**588,214**	539,934	538,775
Loss from discontinued operations using Canadian GAAP	**(89,263)**	(1,044)	–
Adjustment for capitalized interest	**(3,903)**	–	–
Loss from discontinued operations using US GAAP	**(93,166)**	(1,044)	–
Net income from continuing operations using US GAAP	**588,214**	539,934	538,775
Loss from discontinued operations using US GAAP	**(93,166)**	(1,044)	–
Net income using US GAAP	**495,048**	538,890	538,775
Net income using US GAAP attributable to:			
Common shareholders	**475,960**	539,890	538,775
Non-controlling interests	**19,088**	–	–
	495,048	538,890	538,775
Other comprehensive income (loss) using Canadian GAAP	**(7,509)**	47,610	19,040
Fair value of derivatives (7)	**8,627**	(8,627)	–
Change in funded status of defined benefit pension and post-retirement plans (9)	**(18,511)**	(38,167)	11,315
	(17,393)	816	30,355
Comprehensive income using US GAAP	**477,655**	539,706	569,130

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

	2011 $	2010 $	2009 $
Comprehensive income using US GAAP attributable to:			
Common shareholders	**458,567**	539,706	569,130
Non-controlling interests	**19,088**	–	–
	477,655	539,706	569,130
Earnings per share from continuing operations using US GAAP			
Basic	**1.31**	1.25	1.26
Diluted	**1.30**	1.24	1.25
Loss per share from discontinued operations using US GAAP			
Basic	**0.21**	–	–
Diluted	**0.21**	–	–
Earnings per share using US GAAP			
Basic	**1.10**	1.25	1.26
Diluted	**1.09**	1.24	1.25

Consolidated Balance Sheet items using US GAAP

	2011		2010	
	Canadian GAAP $	US GAAP $	Canadian GAAP $	US GAAP $
Income taxes receivable[11]	–	**24,243**	–	–
Other current assets[11]	**236,771**	**232,571**	33,844	33,844
Investments[3]	**13,314**	**13,314**	743,273	731,510
Property, plant and equipment[10]	**3,200,200**	**3,209,158**	3,004,649	3,010,222
Other long-term assets[2]	**257,768**	**215,788**	232,843	171,093
Broadcast rights and licenses[1] [5] [6]	**6,467,369**	**6,442,135**	5,061,153	5,035,919
Spectrum licenses[10]	**190,912**	**207,815**	190,912	196,877
Goodwill[3] [7]	**814,808**	**942,807**	169,143	168,167
Other intangibles[10]	**229,314**	**236,497**	156,469	160,839
Accounts payable and accrued liabilities[11]	**794,984**	**789,484**	623,070	623,070
Income taxes payable	**12,357**	**–**	170,581	149,081
Current portion of long-term debt[2]	**594**	**613**	557	576
Long-term debt[2]	**5,255,960**	**5,319,844**	3,981,671	4,020,457
Other long-term liabilities[9]	**351,122**	**516,192**	291,500	431,807
Deferred credits[2] [8]	**630,341**	**623,868**	632,482	629,000
Future income taxes	**1,699,325**	**1,669,007**	1,451,859	1,415,442
Shareholders' equity:				
Share capital	**2,633,459**	**2,633,459**	2,250,498	2,250,498
Contributed surplus	**65,498**	**65,498**	53,330	53,330
Retained earnings	**516,462**	**445,696**	457,728	364,703
Accumulated other comprehensive income (loss)	**1,467**	**(116,920)**	8,976	(99,527)
Non-controlling interests[3]	**240,962**	**369,662**	–	–
Total shareholders' equity	**3,457,848**	**3,397,395**	2,770,532	2,569,004

The cumulative effect of these adjustments on consolidated shareholders' equity is as follows:

	2011 $	2010 $
Shareholders' equity using Canadian GAAP	**3,457,848**	2,770,532
Amortization of intangible assets[1]	**(130,208)**	(130,208)
Deferred charges and credits[2] [8]	**(8,968)**	(6,173)
Business acquisitions[3]	**133,224**	(12,739)
Equity in loss of investee[4]	**(35,710)**	(35,710)
Gain on sale of subsidiary[5]	**16,052**	16,052
Gain on sale of cable systems[6]	**50,063**	50,063
Fair value of derivatives[7]	**6,675**	8,627
Capitalized interest[10]	**24,559**	11,748
Income taxes[11]	**2,247**	5,315
Accumulated other comprehensive loss	**(118,387)**	(108,503)
Shareholders' equity using US GAAP	**3,397,395**	2,569,004

The adjustment to accumulated other comprehensive income (loss) is comprised of the following:

	2011 $	2010 $
Fair value of derivatives[7]	**–**	(8,627)
Pension and post-retirement liabilities[9]	**(118,387)**	(99,876)
Accumulated other comprehensive loss	**(118,387)**	(108,503)

The estimated pension amount that will be amortized from accumulated other comprehensive loss into income in 2012 includes an actuarial loss of $12,868 and past service costs of $5,776.

Areas of material difference between Canadian and US GAAP and their impact on the consolidated financial statements are as follows:

(1) Amortization of intangible assets

Until September 1, 2001, under Canadian GAAP amounts allocated to broadcast rights were amortized using an increasing charge method which commenced in 1992. Under US GAAP, these intangibles were amortized on a straight-line basis over 40 years. Effective September 1, 2001, broadcast rights are considered to have an indefinite life and are no longer amortized under Canadian and US GAAP.

(2) Deferred charges and credits

The excess of equipment costs over equipment revenues are deferred and amortized under Canadian GAAP. Under US GAAP, these costs are expensed as incurred.

For US GAAP, transaction costs, financing costs and proceeds on bond forward contracts associated with the issuance of debt securities are recorded as deferred charges and deferred credits and amortized to income on a straight-line basis over the period to maturity of the related debt. Under Canadian GAAP, such amounts are recorded as part of the principal balance of debt and amortized to income using the effective interest rate method.

(3) Business acquisitions

Effective September 1, 2009, under US GAAP, acquisition related costs are recognized separately from business combinations, generally as expenses. Effective September 1, 2010 the Company early adopted CICA Handbook section 1582 for Canadian GAAP which also requires acquisition related costs to be expensed. Until August 31, 2010, acquisition related costs were included as part of the purchase cost of the business acquisition for Canadian GAAP.

Under Canadian GAAP, non-controlling interests are recorded at either fair value or their proportionate share of the fair value of identifiable net assets acquired. The Company chose to record the non-controlling interests in certain of the subsidiary specialty channels assumed as part of the broadcasting business acquisition in 2011 at their proportionate share of the fair value of identifiable net assets acquired. Under US GAAP, non-controlling interests must be recorded at fair value which was determined using the enterprise fair value adjusted by 10% to give effect to a control premium.

(4) Equity in loss of investee

The earnings of an investee determined under Canadian GAAP has been adjusted to reflect US GAAP.

Under Canadian GAAP, the investment in Star Choice was accounted for using the cost method until CRTC approval was received for the acquisition. When the Company received CRTC approval, the amount determined under the cost method became the basis for the purchase price allocation and equity accounting commenced. Under US GAAP, equity accounting for the investment was applied retroactively to the date the Company first acquired shares in Star Choice.

(5) Gain on sale of subsidiary

In 1997, the Company acquired a 54% interest in Star Choice in exchange for the shares of HomeStar Services Inc., a wholly-owned subsidiary at that time. Under Canadian

GAAP, the acquisition of the investment in Star Choice was a non-monetary transaction that did not result in the culmination of the earnings process, as it was an exchange of control over similar productive assets. As a result, the carrying value of the Star Choice investment was recorded at the book value of assets provided as consideration on the transaction. Under US GAAP, the transaction would have been recorded at the fair value of the shares in HomeStar Services Inc. This would have resulted in a gain on disposition of the consideration the Company exchanged for its investment in Star Choice and an increase in the acquisition cost for Star Choice.

(6) Gain on sale of cable systems

The gain on sale of cable systems determined under Canadian GAAP has been adjusted to reflect the lower net book value of broadcast rights under US GAAP as a result of item (1) adjustments.

Under Canadian GAAP, no gain was recorded in 1995 on an exchange of cable systems with Rogers Communications Inc. on the basis that this was an exchange of similar productive assets. Under US GAAP the gain net of applicable taxes is recorded and amortization adjusted as a result of the increase in broadcast rights upon the recognition of the gain.

(7) Fair value of derivatives

Certain derivatives that qualify for cash flow hedge accounting under Canadian GAAP do not qualify for similar treatment for US GAAP.

(8) Subscriber connection fee revenue

Subscriber connection fee revenue is deferred and amortized under Canadian GAAP. Under US GAAP, connection revenues are recognized immediately to the extent of related costs, with any excess deferred and amortized.

(9) Employee benefit plans

Under US GAAP, the Company is required to recognize the funded status of defined benefit pension and other post-retirement plans on the Consolidated Balance Sheet and to recognize changes in the funded status in other comprehensive income (loss).

Under Canadian GAAP, the over or under funded status of such plans is not recognized on the Consolidated Balance Sheet.

(10) Interest costs

Under US GAAP, interest costs are capitalized as part of the historical cost of acquiring certain qualifying assets which require a period of time to prepare for their intended use. Interest capitalization is not required under Canadian GAAP.

(11) Income taxes

Income taxes reflect various items including the tax effect of the differences identified above, the impact of future income tax rate reductions on those differences and an adjustment for the tax benefit related to capital losses that cannot be recognized for US GAAP.

(b) Advertising costs

Advertising expenditures, including advertising production costs, are expensed when incurred for both Canadian and US GAAP and for 2011, amounted to $96,650 (2010 – $66,138; 2009 – $52,384).

(c) Derivatives and hedging activity

The following table presents the gains and losses, excluding tax effects, on derivatives designated as cash flow hedges to manage currency risks for 2011.

	Loss recognized in other comprehensive income (effective portion)	Loss reclassified from other comprehensive income into income (effective portion)		Loss reclassified from other comprehensive income into income (ineffective portion)	
	$	Location	$	Location	$
US currency forward purchase contracts	(4,245)	Equipment costs	(5,805)	Other gains	–

The following table presents the gains and losses, excluding tax effects, on derivatives designated as cash flow hedges to manage currency risks for 2010.

	Loss recognized in other comprehensive income (effective portion)	Loss reclassified from other comprehensive income into income (effective portion)		Loss reclassified from other comprehensive income into income (ineffective portion)	
	$	Location	$	Location	$
Cross-currency interest rate exchange agreements	(58,657)	Other gains	(40,505)	Other gains	–
		Interest expense	(11,671)	Loss on derivative instruments	–
US currency forward purchase contracts	(4,476)	Equipment costs	(7,813)	Other gains	–
	(63,133)		(59,989)		–

August 31, 2011, 2010 and 2009
[all amounts in thousands of Canadian dollars except share and per share amounts]

The following table presents the gains and losses, excluding tax effects, on derivatives designated as cash flow hedges to manage currency risks for 2009.

	Gain recognized in other comprehensive income (effective portion)	Gain (loss) reclassified from other comprehensive income into income (effective portion)		Gain (loss) reclassified from other comprehensive income into income (ineffective portion)	
	$	Location	$	Location	$
Cross-currency interest rate exchange agreements	24,799	Other gains	31,845	Other gains	–
		Interest expense	(26,313)	Loss on derivative instruments	–
US currency forward purchase contracts	15,278	Equipment costs	11,795	Other gains	–
	40,077		17,327		–

The following table presents gains and losses, excluding tax effects, arising from derivatives that were not designated as hedges.

	Gain (loss) recognized in income		
	Location	2011 $	2010 $
Cross-currency interest rate exchange agreements	Gain/loss on derivative instruments	**(8,317)**	4,958
US currency forward purchase contracts	Gain/loss on derivative instruments	**(6,391)**	10,002

25. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

Shaw Communications Inc.
FIVE YEAR IN REVIEW
August 31, 2011

	2011	2010[3]	2009[3]	2008[3]	2007[3]
($000's except per share amounts)					
Revenue					
Cable	**3,095,456**	2,931,976	2,635,832	2,379,361	2,086,066
DTH	**745,350**	721,952	684,831	650,653	611,713
Satellite	**82,181**	82,600	90,205	92,712	90,117
Media	**890,913**	–	–	–	–
	4,813,900	3,736,528	3,410,868	3,122,726	2,787,896
Intersegment	**(72,997)**	(18,948)	(19,955)	(17,867)	(13,451)
	4,740,903	3,717,580	3,390,913	3,104,859	2,774,445
Operating income before amortization[1]					
Cable	**1,491,700**	1,453,429	1,267,937	1,152,522	997,088
DTH	**245,176**	264,914	223,341	206,486	196,324
Satellite	**42,391**	41,804	49,331	51,921	51,027
Media	**251,561**	–	–	–	–
	2,030,828	1,760,147	1,540,609	1,410,929	1,244,439
Net income from continuing operations[4]	**562,052**	533,776	536,475	673,201	391,837
Earnings per share from continuing operations					
Basic	**1.24**	1.23	1.25	1.56	0.91
Diluted	**1.24**	1.23	1.25	1.55	0.90
Funds flow from continuing operations[2]	**1,443,179**	1,376,799	1,323,840	1,222,895	1,028,363
Balance sheet					
Total assets	**12,525,877**	10,153,965	8,934,686	8,352,759	8,156,004
Long-term debt (including current portion)	**5,256,554**	3,982,228	3,150,488	2,707,043	3,068,554
Cash dividends declared per share					
Class A	**0.897**	0.858	0.818	0.702	0.462
Class B	**0.900**	0.860	0.820	0.705	0.465

(1) See key performance drivers on page 20.

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

(3) Restated to reflect on a gross basis intersegment transactions.

(4) Net income from continuing operations attributable to common shareholders is the same as net income from continuing operations except in 2011 where it is $542,964.

Shaw Communications Inc.
SHAREHOLDERS' INFORMATION
August 31, 2011

Share Capital and Listings

The Company is authorized to issue a limited number of Class A participating and an unlimited number of Class B Non-Voting participating shares. The authorized number of Class A Shares is limited, subject to certain exceptions, to the lesser of that number of such shares (i) currently issued and outstanding; and (ii) that may be outstanding after any conversion of Class A Shares into Class B Non-Voting Shares. At August 31, 2011, the Company had 22,520,064 Class A Shares and 415,216,348 Class B Non-Voting Shares outstanding. The Class A Shares are listed on the TSX Venture Stock Exchange under the symbol SJR.A. The Class B Non-Voting Shares are listed on the Toronto Stock Exchange under SJR.B and on the New York Stock Exchange under the symbol SJR. The Series A Preferred Shares are listed on the Toronto Stock Exchange under the symbol SJR.PR.A.

Trading Range of Class B Non-Voting Shares on the Toronto Stock Exchange

Quarter	High Close	Low Close	Total Volume
September 1, 2010 to August 31, 2011			
First	23.45	20.40	66,781,996
Second	21.86	20.19	58,568,741
Third	20.83	19.16	52,365,837
Fourth	22.40	19.97	59,228,180
Closing price, August 31, 2011	22.40		236,944,754

Share Splits

There have been four splits of the Company's shares; July 30, 2007 (2 for 1), February 7, 2000 (2 for 1), May 18, 1994 (2 for 1), and September 23, 1987 (3 for 1). In addition, as a result of the Arrangement referred to in the Management Information Circular dated July 22, 1999, a Shareholder's Adjusted Cost Base (ACB) was reduced for tax purposes. For details on the calculation of the revised ACB, please refer to the Company's September 1, 1999 and September 13, 1999 press releases on Shaw's Investor Relations website at *www.shaw.ca.*

Shaw Communications Inc.
CORPORATE INFORMATION
August 31, 2011

DIRECTORS

JR Shaw [4]
Executive Chair
Shaw Communications Inc.

Peter J. Bissonnette
President
Shaw Communications Inc.

Adrian L. Burns [3] [4]
Corporate Director

George F. Galbraith [3]
Corporate Director

Dr. Richard R. Green [2]
Corporate Director

Dr. Lynda Haverstock [3]
President and Chief
Executive Officer
Tourism Saskatchewan

Gregory John Keating [1]
Chairman and Chief
Executive Officer
Altimax Venture Capital

Michael W. O'Brien [3] [4]
Corporate Director

Paul K. Pew [1]
Co-Founder and Co-CEO
G3 Capital Corp.

Jeffrey C. Royer [1]
Corporate Director
and Private Investor

Bradley S. Shaw [4]
Chief Executive Officer
Shaw Communications Inc.

Jim Shaw
Vice Chair
Shaw Communications Inc.

JC Sparkman [2] [4]
Corporate Director

Carl E. Vogel [1]
Private Investor; Senior
Advisor to DISH Network

Sheila C. Weatherill [2]
Corporate Director

Willard (Bill) H. Yuill [2]
Chairman and Chief
Executive Officer
The Monarch Corporation

SENIOR OFFICERS

JR Shaw
Executive Chair

Jim Shaw
Vice Chair

Bradley S. Shaw
Chief Executive Officer

Peter J. Bissonnette
President

Steve Wilson
Senior Vice President and
Chief Financial Officer

Michael D'Avella
Senior Vice President,
Planning

Jay Mehr
Senior Vice President,
Operations

Jean Brazeau
Senior Vice President,
Regulatory Affairs

Paul Robertson
Group Vice President,
Broadcasting & President,
Shaw Media

Rhonda D. Bashnick
Group Vice President,
Finance

Peter A. Johnson
General Counsel and
Corporate Secretary

HONORARY SECRETARY:
Louis Desrochers, CM, AOE, QC, LLD

(1) Audit Committee
(2) Human Resources Committee
(3) Corporate Governance Committee
(4) Executive Committee

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CORPORATE GOVERNANCE
Information concerning Shaw's corporate governance policies are contained in the Information Circular and is also available on Shaw's website, *www.shaw.ca*

Information concerning Shaw's compliance with the corporate governance listing standards of the New York Stock Exchange is available in the investors section on Shaw's website, *www.shaw.ca*

INTERNET HOME PAGE
Shaw's Annual Report, Annual Information Form, Quarterly Reports, Press Releases and other relevant investor information are available electronically on the Internet at *www.shaw.ca*

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FURTHER INFORMATION
Financial analysts, portfolio managers, other investors and interested parties may contact the Company at (403) 750-4500 or visit Shaw's website at *www.shaw.ca* for further information.

To receive additional copies of this Annual Report, please fax your request to (403) 750-7469 or email *investor.relations@sjrb.ca*

For further inquiries relating to Shaw's philanthropic practices, please call (403) 750-7498.

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