

Shaw Communications Inc.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING August 31, 2007

November 22, 2007

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.

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

Shaw Communications Inc.

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS
AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
August 31, 2007**

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, 2007.

[Signed]

Jim Shaw
Chief Executive Officer

[Signed]

Steve Wilson
Senior Vice President and
Chief Financial Officer

Shaw Communications Inc.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Under Canadian Generally Accepted Auditing Standards and the Standards of the Public Company Accounting Oversight Board (United States)

To the Shareholders of
Shaw Communications Inc.

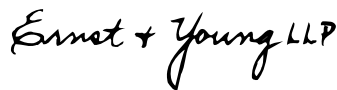
We have audited the Consolidated Balance Sheets of **Shaw Communications Inc.** as at August 31, 2007, and 2006 and the Consolidated Statements of Income and Deficit and Cash Flows for each of the years in the three-year period ended August 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these Consolidated Financial Statements present fairly, in all material respects, the financial position of Shaw Communications Inc. as at August 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the three-year period ended August 31, 2007 in accordance with Canadian Generally Accepted Accounting Principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Shaw Communications Inc.'s internal control over financial reporting as of August 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 24, 2007, expressed an unqualified opinion thereon.

Calgary, Canada
October 24, 2007

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Chartered Accountants

Shaw Communications Inc.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

To the Shareholders of
Shaw Communications Inc.

We have audited Shaw Communication Inc.'s internal control over financial reporting as of August 31, 2007, 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.

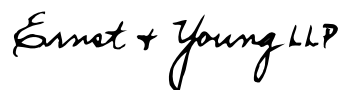
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal 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.

In our opinion, Shaw Communications Inc. maintained, in all material respects, effective internal control over financial reporting as of August 31, 2007, 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, 2007 and 2006 and the consolidated statements of income and deficit and cash flows for each of the years in the three-year period ended August 31, 2007, and our report dated October 24, 2007, expressed an unqualified opinion thereon.

Calgary, Canada
October 24, 2007

The logo for Ernst & Young LLP, featuring the company name in a stylized, cursive script.

Chartered Accountants

Shaw Communications Inc.

CONSOLIDATED BALANCE SHEETS

As at August 31

[thousands of Canadian dollars]	2007 \$	2006 \$
ASSETS [note 9]		
Current		
Cash and cash equivalents	165,310	–
Accounts receivable [note 3]	155,499	138,142
Inventories [note 4]	60,601	53,994
Prepays and other	23,834	20,870
Future income taxes [note 14]	185,000	139,000
	590,244	352,006
Investments and other assets [note 5]	7,881	17,978
Property, plant and equipment [note 6]	2,422,900	2,250,056
Deferred charges [note 7]	278,525	261,908
Intangibles [note 8]		
Broadcast rights	4,776,078	4,691,484
Goodwill	88,111	88,111
	8,163,739	7,661,543
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness [note 9]	–	20,362
Accounts payable and accrued liabilities [notes 13 and 17]	441,444	461,119
Income taxes payable	4,304	4,918
Unearned revenue	118,915	106,497
Current portion of long-term debt [note 9]	297,238	449
	861,901	593,345
Long-term debt [note 9]	2,771,316	2,995,936
Other long-term liability [note 17]	56,844	37,724
Deferred credits [note 10]	1,151,724	1,100,895
Future income taxes [note 14]	1,327,914	1,123,938
	6,169,699	5,851,838
Commitments and contingencies [notes 9, 16 and 17]		
Shareholders' equity		
Share capital [note 11]		
Class A Shares	2,473	2,475
Class B Non-Voting Shares	2,050,687	1,974,491
Contributed surplus [note 11]	8,700	5,110
Deficit	(68,132)	(172,701)
Cumulative translation adjustment [note 12]	312	330
	1,994,040	1,809,705
	8,163,739	7,661,543

See accompanying notes

On behalf of the Board:

[Signed]
JR Shaw
Director

[Signed]
Don Mazankowski
Director

Shaw Communications Inc.

**CONSOLIDATED STATEMENTS OF INCOME
AND DEFICIT**

Years ended August 31

[thousands of Canadian dollars except per share amounts]	2007 \$	2006 \$	2005 \$
Service revenue [note 15]	2,774,445	2,459,284	2,209,810
Operating, general and administrative expenses	1,534,820	1,381,367	1,227,817
Service operating income before amortization [note 15]	1,239,625	1,077,917	981,993
Amortization –			
Deferred IRU revenue [note 10]	12,547	12,546	12,999
Deferred equipment revenue [note 10]	104,997	80,256	71,677
Deferred equipment costs [note 7]	(203,597)	(200,218)	(210,477)
Deferred charges [note 7]	(5,153)	(5,328)	(6,595)
Property, plant and equipment [note 6]	(381,909)	(385,607)	(408,866)
Operating income	766,510	579,566	440,731
Interest [notes 7, 9 and 10]	(245,043)	(254,303)	(262,949)
	521,467	325,263	177,782
Gain on sale of investments [note 5]	415	50,315	32,163
Debt retirement costs [notes 7 and 9]	–	(12,248)	(6,311)
Foreign exchange gain on unhedged long-term debt	–	5,369	40,518
Fair value loss on foreign currency forward contracts	–	(360)	(19,342)
Other gains [note 1]	9,105	6,205	9,079
Income before income taxes	530,987	374,544	233,889
Income tax expense (recovery) [note 14]	142,871	(83,662)	80,382
Income before the following	388,116	458,206	153,507
Equity income (loss) on investees [note 5]	363	44	(286)
Net income	388,479	458,250	153,221
Deficit, beginning of year	(172,701)	(428,855)	(332,791)
Reduction on Class B Non-Voting Shares purchased for cancellation [note 11]	(82,702)	(97,056)	(175,575)
Amortization of opening fair value loss on a foreign currency forward contract [note 7]	–	(1,705)	(3,195)
Dividends – Class A Shares and Class B Non-Voting Shares	(201,208)	(103,335)	(70,515)
Deficit, end of year	(68,132)	(172,701)	(428,855)
Earnings per share [note 11]			
Basic	\$0.90	\$1.05	\$0.34
Diluted	\$0.89	\$1.05	\$0.34

See accompanying notes

Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31

[thousands of Canadian dollars]	2007 \$	2006 \$	2005 \$
OPERATING ACTIVITIES <i>[note 20]</i>			
Funds flow from operations	1,028,363	847,197	728,524
Net increase in non-cash working capital balances related to operations	(28,350)	(324)	(86)
	1,000,013	846,873	728,438
INVESTING ACTIVITIES			
Additions to property, plant and equipment <i>[note 15]</i>	(554,565)	(423,855)	(336,888)
Additions to equipment costs (net) <i>[note 15]</i>	(96,516)	(107,929)	(115,668)
Net increase to inventories	(6,607)	(8,770)	(1,648)
Cable business acquisitions <i>[note 2]</i>	(72,361)	(5,829)	–
Proceeds on sale of investments and other assets	15,970	88,143	79,899
Costs to terminate IRU	–	–	(283)
Acquisition of investments	–	(9,392)	(5,265)
Additions to deferred charges <i>[note 7]</i>	(5,698)	(21,464)	(179)
	(719,777)	(489,096)	(380,032)
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness	(20,362)	20,362	(4,317)
Proceeds on prepayment of IRU	–	228	1,216
Increase in long-term debt	460,000	1,295,000	755,566
Long-term debt repayments	(340,449)	(1,414,067)	(729,592)
Cost to terminate foreign currency forward contract <i>[note 9]</i>	(370)	(15,774)	(12,200)
Proceeds on bond forward	190	2,486	–
Issue of Class B Non-Voting Shares, net of after-tax expenses	92,058	2,274	228
Purchase of Class B Non-Voting Shares for cancellation <i>[note 11]</i>	(104,763)	(146,640)	(287,063)
Dividends paid on Class A Shares and Class B Non-Voting Shares	(201,208)	(103,335)	(70,515)
	(114,904)	(359,466)	(346,677)
Effect of currency translation on cash balances and cash flows	(22)	(24)	(16)
Increase (decrease) in cash and cash equivalents	165,310	(1,713)	1,713
Cash and cash equivalents, beginning of year	–	1,713	–
Cash and cash equivalents, end of year	165,310	–	1,713

See accompanying notes

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

[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 (Star Choice) and satellite distribution services (“Satellite Services”).

The consolidated financial statements are prepared by management on the historical cost basis 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 21.

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 proportionate share of the assets, liabilities, revenues, and expenses of its interest in the Burrard Landing Lot 2 Holdings Partnership (the “Partnership”). During 2005, the Company’s interest declined from 38.33% to 33.33% upon receipt of repayment of its equity contributions and a return on capital distribution.

The Company’s interest in the Partnership and in its results of operations and cash flows are as follows:

	2007	2006	
	\$	\$	
Working capital	720	1,103	
Deferred charges	139	158	
Property, plant and equipment	18,808	19,495	
	19,667	20,756	
Debt	22,561	23,010	
Proportionate share of net liabilities	(2,894)	(2,254)	

	2007	2006	2005
	\$	\$	\$
Operating, general and administrative expenses	1,829	1,829	1,464
Amortization	(707)	(714)	(579)
Interest	(1,418)	(1,445)	(1,177)
Other gains	735	2,588	7,470
Proportionate share of income before income taxes	439	2,258	7,178
Cash flow provided by operating activities	1,284	74	1,310
Cash flow provided by investing activities	–	8,848	18,023
Cash flow used in financing activities	(449)	(422)	(8,637)
Proportionate share of increase in cash	835	8,500	10,696

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

Investments

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. Equity method investments include The Biography Channel (Canada) Corp. ("The Biography Channel") and 3773213 Canada Inc. ("G4TechTV Canada") until June 2006, at which time these specialty channels were sold, and MSNBC Canada Holdings Corp. ("MSNBC") in prior years until its windup in 2005. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment, additional contributions made and dividends received.

Revenue and expenses

(i) Service revenue

Service revenue from cable, Internet, Digital Phone and DTH customers includes subscriber service 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.

Subscriber connection fees received from customers are deferred and recognized as service revenue on a straight-line basis over two years. Direct and incremental initial selling, administrative and reconnection costs related to subscriber acquisitions, in an amount not exceeding initial subscriber connection fee revenue, are deferred and recognized as an operating expense on a straight-line basis over the same two years. 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 service revenue on a straight-line basis over the related service contract, which 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 modems, 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, is deferred and recognized on a straight-line basis over the same period. The DCT, DTH and modem 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 cost amortization, respectively.

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

(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 Deficit 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 9) are greater than the amount of cash and cash equivalents, the net amount is presented as bank indebtedness.

Inventories

Inventories include subscriber equipment such as DCTs, internet modems 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 subsidies.

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	5-7 years
Satellite audio, video and data network equipment and DTH receiving equipment	4-10 years
Buildings	20-40 years
Data processing	4 years
Other	3-10 years

The Company 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.

Deferred charges

Deferred charges 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 upon activation

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

of the equipment; (ii) financing costs and credit facility arrangement fees related to the issue of long-term debt, amortized on a straight-line basis over the period to maturity of the related debt; and (iii) costs incurred in respect of connection fee revenue and upfront installation revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two to ten years.

Intangibles

The excess of the cost of acquiring cable and satellite 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 which represent identifiable assets with indefinite useful lives.

Goodwill and intangible assets with an indefinite life are not amortized but are subject to an annual review for impairment which consists of a comparison of the fair value of the assets to their carrying value.

Deferred credits

Deferred credits include: (i) prepayments received under IRU agreements amortized on a straight-line basis into income over the term of the agreement; (ii) foreign exchange gains on translating hedged long-term debt; (iii) equipment revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two years to five years; (iv) connection fee revenue and upfront installation revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two to ten years; (v) a fair value adjustment on debt assumed on an acquisition amortized on a straight-line basis over the term of the debt; (vi) proceeds on a bond forward amortized over the term of the related debt; and (vii) a deposit on a future fiber sale.

Interest capitalization

The Company does not capitalize interest on the construction of its own assets, with the exception of the Partnership's construction of the office/residential tower in Vancouver. The interest was capitalized on the tower as the construction of it had taken place over a significant period of time and the interest on the Partnership construction facility was directly attributable to such activity. Capitalization of interest ceased in 2005 when the tower was substantially completed and was ready for occupancy. The Company capitalized interest of \$656 in 2005 in respect of its proportionate share of the Partnership.

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

Shaw Communications Inc.

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August 31, 2007, 2006 and 2005

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

expenses are translated at average exchange rates for the year. Adjustments arising from the translation of the financial statements are deferred and included in a separate component of shareholders' equity.

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 recognized on the translation and settlement of current monetary assets and liabilities was \$255 (2006 – \$1,546; 2005 – \$2,471) and is included in other gains.

Exchange gains and losses on translating unhedged long-term debt are included in the Company's Consolidated Statements of Income and Deficit.

Exchange gains and losses on translating hedged long-term debt are included in deferred credits or deferred charges, respectively.

Derivative financial instruments

The Company uses derivative financial instruments to manage risks from fluctuations in exchange and interest rates. These instruments include cross-currency interest rate exchange agreements, interest rate exchange agreements, currency swaps, and foreign currency forward purchase contracts. Where permissible, the Company accounts for these financial instruments as hedges and as a result the carrying values of the financial instruments are not adjusted to reflect their current market value. The net receipts or payments arising from financial instruments relating to the management of interest risks are recognized as an adjustment to interest expense over the term of the instrument. Foreign exchange gains or losses arising on cross-currency agreements used to hedge US dollar denominated debt are deferred until the hedged item is settled, at which time they are offset against the gain or loss on the hedged item. Upon re-designation or amendment of a derivative financial instrument, the carrying value of the instrument is adjusted to fair value. If the related debt instrument that was hedged had been repaid, then the gain or loss is recorded as a component of the gain or loss on repayment of the debt. Otherwise, the gain or loss is deferred over the remaining life of the original debt instrument. Where hedge accounting is not permissible, the carrying values of derivative financial instruments are adjusted to reflect market value. The resulting gains and losses, in addition to the gains and losses realized on settlement of the contracts, are included in the Company's Consolidated Statements of Income and Deficit.

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.

Employee benefit plans

The Company accrues its obligations and related costs under its employee benefit plans. The cost of pensions and other retirement benefits earned by certain senior employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. 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

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

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 plan such as changes in discount rates, expected retirement age and projected salary increases. Actuarial gains (losses) are amortized on a straight-line basis over EARSL which for active employees covered by the defined benefit pension plan is 12.0 years at August 31, 2007 (2006 – 12.5 years; 2005 – 13.5 years). 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. Actuaries perform a valuation annually to determine the actuarial present value of the accrued pension benefits. The last actuarial valuation of the pension plan was performed August 31, 2007.

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. Under the transition rules pertaining to stock-based compensation, the fair value of options granted subsequent to August 31, 2003 are expensed and credited to contributed surplus over the four-year vesting period of the options. For options granted prior to August 31, 2003, the Company discloses the pro forma net income and pro forma earnings per share in note 11 as if the Company had expensed the fair value of the options over the vesting period of the options.

Earnings per share

Basic earnings per share 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 16).

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.

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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 and the recoverability of deferred costs, broadcast rights and goodwill using estimated future cash flows based on current business plans. Significant changes in assumptions with respect to the competitive environment could result in impairment of intangible assets.

Recent Canadian accounting pronouncements

(i) Financial instruments

In 2008, the Company will adopt CICA Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 3861, "Financial Instruments - Disclosure and Presentation", 3865, "Hedges", 1530, "Comprehensive Income" and 3251, "Equity". These new standards address when a company should recognize a financial instrument on its balance sheet and how the instrument should be measured once recognized.

Adoption of these standards will be effective September 1, 2007 on a retrospective basis without restatement of prior periods, except for the reclassification of equity balances to reflect Accumulated Other Comprehensive Income which will include foreign currency translation adjustments.

On adoption of Section 1530, a new statement entitled "Consolidated Statements of Comprehensive Income (Loss)" will be added to the Company's consolidated financial statements and will include net income (loss) as well as other comprehensive income (loss). Comprehensive income (loss) is comprised of net income (loss), changes in the fair value of derivative instruments designated as cash flow hedges and the net unrealized foreign currency translation gain (loss) from self sustaining foreign operations, which is currently classified as a separate component of shareholders' equity. Accumulated other comprehensive income (loss) will form part of shareholders' equity.

In addition, the Company will classify all financial instruments into one of the following five categories: 1) "loans and receivables", 2) "assets held-to-maturity", 3) "assets available-for-sale", 4) "financial liabilities", and 5) "held-for-trading". Financial instruments designated as "held-for-trading" and "available-for-sale" are carried at their fair value while financial instruments such as "loans and receivables", "financial liabilities" and "held-to-maturity" will be carried at amortized cost. Certain private investments where market value is not readily determinable will continue to be carried at cost.

All derivatives, including embedded derivatives that must be separately accounted for, will be measured at fair value in the balance sheet. The changes in fair value of cash flow hedging derivatives will be recorded in other comprehensive income (loss), to the extent effective, until the variability of cash flows relating to the hedged asset or liability is recognized in the consolidated statements of income. Any hedge ineffectiveness will be recognized in net income (loss) immediately.

The impact of recording hedging derivatives at fair value on September 1, 2007 will be recognized in accumulated other comprehensive income (loss) and is estimated to be an increase in derivative instruments of approximately \$71 million and a decrease in opening accumulated other comprehensive income of \$58 million, net of income taxes of approximately \$13 million.

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(ii) Accounting changes

In 2008, the Company will adopt CICA Handbook Section 1506, "Accounting Changes", which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Company does not expect this standard to have a significant impact on its consolidated financial statements upon adoption.

2. BUSINESS ACQUISITIONS AND DIVESTITURE

Cable business acquisitions

	2007		
	Cash \$	Issuance of Class B Non-Voting Shares \$	Total purchase price \$
(i) Cable systems	72,336	3,000	75,336
	2006		
	Cash \$	Accounts payable \$	Total purchase price \$
(ii) Cable systems	5,829	25	5,854

A summary of net assets acquired on cable business acquisitions, accounted for as purchases, is as follows:

	2007 \$	2006 \$
Identifiable net assets acquired at assigned fair values		
Property, plant and equipment	8,232	957
Broadcast rights <i>[note 8]</i>	84,594	6,837
	92,826	7,794
Working capital deficiency	2,973	129
Long-term debt	-	218
Future income taxes	14,517	1,593
	17,490	1,940
Purchase price	75,336	5,854

- (i) During 2007, the Company purchased four cable systems serving approximately 20,200 basic subscribers in British Columbia and Ontario. The \$3,000 value of the 179,588 Class B Non-Voting Shares, issued as partial consideration for one of the acquisitions, was determined based upon the average market price over a short period prior to the date the terms of the purchase were agreed to and announced.

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- (ii) Effective June 30, 2006 and July 31, 2006, the Company purchased two cable systems serving approximately 1,800 basic subscribers in British Columbia.

Divestiture

Effective October 1, 2004, the Company sold the cable television advertising business, originally acquired as part of the purchase of cable systems from Monarch Cablesystems Ltd. ("Monarch") in 2004, to Corus Entertainment Inc., a company subject to common voting control.

3. ACCOUNTS RECEIVABLE

	2007	2006
	\$	\$
Subscriber and trade receivables	161,765	155,583
Due from officers and employees	230	339
Due from related parties <i>[note 18]</i>	841	1,318
Miscellaneous receivables	7,842	8,981
	170,678	166,221
Less allowance for doubtful accounts	(15,179)	(28,079)
	155,499	138,142

Included in operating, general and administrative expenses is a provision for doubtful accounts of \$3,086 (2006 – \$7,477; 2005 – \$20,356).

4. INVENTORIES

	2007	2006
	\$	\$
Subscriber equipment	57,628	51,203
Other	2,973	2,791
	60,601	53,994

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

5. INVESTMENTS AND OTHER ASSETS

	2007	2006
	\$	\$
Investments, at cost net of write-downs:		
Investments in publicly traded companies (market value 2006–\$9,645)	–	9,392
Investments in private technology companies	1,295	1,295
Other assets:		
Employee home relocation mortgages and loans <i>[note 18]</i>	4,746	5,446
Other	1,840	1,845
	7,881	17,978

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Canadian Hydro

Canadian Hydro Developers Inc. ("Canadian Hydro"), a Canadian public corporation, develops and operates electrical generating plants. In 2006, the Company sold 12,430,364 shares of Canadian Hydro for \$69,749, resulting in a pre-tax gain of \$45,317.

Q9 Networks

During 2006, the Company realized a pre-tax gain of \$1,690 on the sale of the remaining 277,281 shares of Q9 Networks Inc. In 2005, the Company sold 367,880 shares resulting in a pre-tax gain of \$840.

Investments at equity

In 2006, the Company sold its interests in The Biography Channel and G4TechTV Canada resulting in a combined pre-tax gain of \$3,180.

Equity income (loss) on investees consists of the following:

	2007	2006	2005
	\$	\$	\$
Specialty channel networks	–	(91)	(346)
Other	363	135	60
	363	44	(286)

Motorola

In 2005, the Company settled an equity forward sales contract on its Motorola, Inc. ("Motorola") investment resulting in the realization of a \$31,018 pre-tax gain. The Motorola investment had been pledged as collateral for a Zero Coupon Loan and the proceeds of settlement were used to repay the Zero Coupon Loan and accrued interest.

Other

Disposal of minor interests in various public and private companies amounted to pre-tax gains of \$415, \$128 and \$305 in 2007, 2006 and 2005, respectively.

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6. PROPERTY, PLANT AND EQUIPMENT

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Cable and telecommunications						
distribution system	3,336,559	1,562,989	1,773,570	3,046,373	1,371,765	1,674,608
Digital cable terminals and modems	283,215	153,746	129,469	410,637	303,959	106,678
Satellite audio, video and data						
network equipment and DTH						
receiving equipment	176,809	99,177	77,632	348,119	255,277	92,842
Buildings	268,475	83,141	185,334	254,048	70,068	183,980
Data processing	126,672	58,147	68,525	104,900	50,883	54,017
Other assets	195,793	105,686	90,107	187,323	104,953	82,370
	4,387,523	2,062,886	2,324,637	4,351,400	2,156,905	2,194,495
Land	34,109	–	34,109	33,112	–	33,112
Assets under construction	64,154	–	64,154	22,449	–	22,449
	4,485,786	2,062,886	2,422,900	4,406,961	2,156,905	2,250,056

Included in the cable and telecommunications distribution system assets is the cost of the Company's purchase of fibers under IRU agreements with terms extending to 60 years totalling \$61,811 (2006 – \$61,811).

7. DEFERRED CHARGES

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Equipment costs	622,811	399,695	223,116	616,627	409,060	207,567
Financing costs and credit facility						
arrangement fees	56,573	21,037	35,536	66,486	29,985	36,501
Connection and installation costs	32,349	24,187	8,162	40,214	27,388	12,826
Other	11,814	103	11,711	5,370	356	5,014
	723,547	445,022	278,525	728,697	466,789	261,908

Amortization provided in the accounts on deferred charges for 2007 amounted to \$222,493 (2006 – \$234,056; 2005 – \$242,091) of which \$208,750 was recorded as amortization of deferred charges and equipment costs (2006 – \$205,546; 2005 - \$217,072), \$1,269 was recorded as interest expense (2006 – \$752; 2005 – \$300), \$nil was recorded as debt retirement costs (2006 – \$12,248; 2005 – \$6,311), \$12,474 was recorded as operating, general and administrative expenses (2006 - \$13,805; 2005 – \$15,213) and \$nil (2006 – \$1,705; 2005 – \$3,195) was charged to the deficit.

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8. INTANGIBLES

	Carrying amount	
	2007	2006
	\$	\$
Broadcast rights		
Cable systems	3,792,946	3,708,352
DTH and satellite services	983,132	983,132
	4,776,078	4,691,484
Goodwill – non-regulated satellite services	88,111	88,111
Net book value	4,864,189	4,779,595

The changes in the carrying amount of intangibles are as follows:

	Broadcast rights	Goodwill
	\$	\$
August 31, 2005	4,684,647	88,111
Business acquisitions <i>[note 2]</i>	6,837	–
August 31, 2006	4,691,484	88,111
Business acquisitions <i>[note 2]</i>	84,594	–
August 31, 2007	4,776,078	88,111

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9. LONG-TERM DEBT

	Effective interest rates %	2007			2006		
		Translated at year-end exchange rate \$	Adjustment for hedged debt ⁽¹⁾ \$	Translated at hedged rate \$	Translated at year-end exchange rate \$	Adjustment for hedged debt ⁽¹⁾ \$	Translated at hedged rate \$
Corporate							
Bank loans	Fixed and variable	–	–	–	280,000	–	280,000
Senior notes –							
5.70% Senior notes due March 2, 2017	5.72	400,000	–	400,000	–	–	–
6.10% Senior notes due November 16, 2012	6.11	450,000	–	450,000	450,000	–	450,000
6.15% Senior notes due May 9, 2016	6.34	300,000	–	300,000	300,000	–	300,000
7.40% Senior notes due October 17, 2007	7.40	296,760	–	296,760	296,760	–	296,760
US \$440,000 8.25% Senior notes due April 11, 2010	7.88	464,728	177,892	642,620	486,332	156,288	642,620
US \$225,000 7.25% Senior notes due April 6, 2011	7.68	237,645	118,193	355,838	248,693	107,145	355,838
US \$300,000 7.20% Senior notes due December 15, 2011	7.61	316,860	159,990	476,850	331,590	145,260	476,850
7.50% Senior notes due November 20, 2013	7.50	350,000	–	350,000	350,000	–	350,000
COPrS –							
Due September 30, 2027	8.54	100,000	–	100,000	100,000	–	100,000
		2,915,993	456,075	3,372,068	2,843,375	408,693	3,252,068
Other subsidiaries and entities							
Videon CableSystems Inc.							
8.15% Senior Debentures Series “A” due April 26, 2010	7.63	130,000	–	130,000	130,000	–	130,000
Burrard Landing Lot 2 Holdings Partnership	6.31	22,561	–	22,561	23,010	–	23,010
		152,561	–	152,561	153,010	–	153,010
Total consolidated debt		3,068,554	456,075	3,524,629	2,996,385	408,693	3,405,078
Less current portion		297,238	–	297,238	449	–	449
		2,771,316	456,075	3,227,391	2,995,936	408,693	3,404,629

(1) Foreign denominated long-term debt is translated at the year-end rate. If the rate of translation was adjusted to reflect the hedged rates of the Company’s cross-currency interest rate agreements (which fix the liability for interest and principal), long-term debt would increase by \$456,075 (2006 – \$408,693) representing the amount of the corresponding deferred foreign exchange gain in deferred credits (see note 10).

Interest on long-term debt included in interest expense amounted to \$250,100 (2006 – \$254,502; 2005 – \$263,319). Interest expense is net of \$5,301 interest income as a portion of the proceeds from the \$400,000 Senior notes was invested in short term investments pending the repayment of maturing debt (see note 23).

Corporate

Bank loans

The Company has a \$50,000 revolving operating loan facility, of which \$492 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 was 6.03% for the year (2006 – 5.32%; 2005 – 4.21%).

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A syndicate of banks has provided the Company with an unsecured \$1 billion credit facility. During 2006, the Company amended the credit facility to extend the maturity date from April 2009 to May 2011 and implement new pricing terms effective May 2007. In conjunction with the amendment, the remainder of the non-revolving facilities, due in fiscal 2007, were repaid early. During 2007, the Company extended the term of the credit facility to May 2012. At August 31, 2007, no amounts were drawn under the facility. 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 averaged 5.04% for the year (2006 – 4.38%; 2005 – 2.75%).

Until March 9, 2007, interest on \$59,000 of Canadian dollar borrowings was fixed by means of an interest rate swap originally placed in April 1994 for \$177,000 at 8.89%. One third of the interest rate swap matured on April 30, 2005 and 2006 and the remaining notional amount of \$59,000 originally scheduled to mature on April 30, 2007 was terminated on March 9, 2007.

The US funds required for the interest payments on the US portion of the bank loans were provided by a forward purchase contract at an exchange rate of 1.4078 Cdn.

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 March 2, 2007 the Company issued \$400,000 of senior notes at a rate of 5.70%. The effective interest rate is 5.72% due to the discount on issuance.

The Company has entered into cross-currency interest rate agreements to fix the liability for interest and principal payments over the life of the US dollar senior notes. The table below outlines the US dollar principal, the interest coupon rate, the effective interest rate on the Canadian dollar equivalent of the US debt as a result of the agreements, and the exchange rate applicable to the principal portion of the debt ("Exchange rate"):

US Senior note principal \$	Coupon rate %	Effective interest rate %	Exchange rate Cdn \$ vs US\$
440,000	8.25	7.88	1.4605
225,000	7.25	7.68	1.5815
300,000	7.20	7.61	1.5895

COPrS

The COPrS rank as unsecured junior subordinated debt. The Company has the right to defer payments of interest on the securities for up to 20 consecutive quarterly periods provided that no extension period may extend beyond the stated maturity of the securities. There may be multiple extension periods of varying lengths, each of up to 20 consecutive quarterly periods, throughout the terms of the securities. During any extension period, interest will accrue but will not compound. The Company may satisfy its obligation to pay deferred interest on any applicable interest payment date through the issuance to the trustee of Class B Non-Voting Shares of the Company, in which event the holders of the securities shall be entitled to receive

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cash payments equal to the deferred interest from the proceeds of the sale of the requisite Class B Non-Voting Shares by the trustee of the COPrS.

The 8.54% Series B COPrS are redeemable, at the Company's option, in whole or in part, at any time after September 30, 2007 at a redemption price equal to 104.27% of the principal amount with the redemption price declining each year until September 30, 2017 when the series is redeemable at par plus accrued and unpaid interest thereon to the date of such redemption. The Company has the ability to satisfy redemption obligations through the issuance of Class B Non-Voting Shares.

Satellite Services

In April 2007, the Company terminated the \$10,000 demand operating line of credit that was available in Canadian dollars or the US dollar equivalent. Interest rates fluctuated with Canadian prime rate and US base rates. The effective interest rate on the line of credit for the period to May 2007 was 7.25% (2006 – 6.57%; 2005 – 5.46%).

Other subsidiaries and entities

Videon CableSystems Inc. (“Videon”)

Videon issued 8.15% Senior Debentures that are due April 26, 2010. Interest is payable semi-annually.

The debentures are unsecured and are non-recourse to the parent company. The Senior Debentures are guaranteed by the subsidiaries of Videon. The effective interest rate on the debentures is 7.63% after giving effect to the fair value adjustment to the debt at the date of the Moffat acquisition. This adjustment is included in deferred credits.

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. The Partnership had an available construction facility of \$128,500 and a letter of guarantee facility of \$2,350 which were repayable no later than December 31, 2005 (if extended) and bore interest at prime plus 0.5%. Interest on \$58,000 of the loan was fixed with an interest rate hedge at 5.125% plus a stamping fee from November 2003 to October 2004. 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. The proceeds from the bonds were used to repay a portion of the amounts outstanding under the Partnership's construction facility. The remaining balance of the construction facility was repaid and cancelled in 2005 with proceeds from the sale of the residential units.

Debt retirement costs

On July 17, 2006, the Company redeemed its \$150,000 8.875% COPrS and on December 16, 2005, the Company redeemed its US \$172,500 8.50% COPrS at a cost of \$201,894. In connection with the early redemptions, the Company wrote-off the remaining deferred financing charges of \$12,248.

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On February 1, 2005, the Company redeemed the US \$142,500 8.45% Series A COPrS at a cost of \$172,363. In connection with the early redemption, the Company wrote off the remaining deferred financing charges of \$6,311.

The Company had purchased a foreign currency forward purchase contract to provide the US funds required for the quarterly interest payments on the 8.50% COPrS and 8.45% Series A COPrS at an exchange rate of \$1.4078 Cdn. In connection with the early redemptions, the Company paid \$15,574 and \$12,200 to terminate the contracts in 2006 and 2005, respectively.

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, 2007.

Long-term debt repayments

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

	At year-end exchange rate \$	Exchange rate adjusted for hedged rates \$
2008	297,238	297,238
2009	509	509
2010	595,270	773,162
2011	238,221	356,414
2012	317,472	477,462
Thereafter	1,619,844	1,619,844
	3,068,554	3,524,629

10. DEFERRED CREDITS

	2007			2006		
	Amount \$	Accumulated amortization \$	Net book value \$	Amount \$	Accumulated amortization \$	Net book value \$
IRU prepayments	629,119	81,611	547,508	629,119	69,064	560,055
Foreign exchange gains on translating hedged long-term debt [note 9]	456,075	-	456,075	408,693	-	408,693
Equipment revenue	331,980	199,252	132,728	277,317	165,972	111,345
Connection fee and installation revenue	37,007	27,174	9,833	42,797	28,600	14,197
Fair value adjustment on debt assumed on acquisition	6,084	4,354	1,730	6,084	3,684	2,400
Bond forward proceeds	2,486	636	1,850	2,486	281	2,205
Deposit on future fiber sale	2,000	-	2,000	2,000	-	2,000
	1,464,751	313,027	1,151,724	1,368,496	267,601	1,100,895

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Amortization on deferred credits for 2007 amounted to \$132,819 (2006 - \$108,595; 2005 - \$100,730) 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 2007 amounted to \$12,547 (2006 - \$12,546; 2005 - \$12,999). Amortization in respect of the fair value adjustment on debt amounted to \$670 (2006 - \$670; 2005 - \$670) and amortization of the bond forward was \$355 (2006 - \$281), both of which were offset against interest expense. Amortization of equipment revenue for 2007 amounted to \$104,997 (2006 - \$80,256; 2005 - \$71,677). Amortization of connection fee and installation revenue for 2007 amounted to \$14,250 (2006 - \$14,842; 2005 - \$15,384) and was recorded as service revenue.

11. 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, 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.

Effective on July 30, 2007, the Class A Shares and Class B Non-Voting Shares were split on a two-for-one basis. Accordingly, the comparative number of shares and per share amounts have been retroactively adjusted to reflect the two-for-one split.

<u>Number of securities</u>			2007	2006
2007	2006		\$	\$
22,563,064	22,583,864	Class A Shares	2,473	2,475
408,770,759	407,299,808	Class B Non-Voting Shares	2,050,687	1,974,491
431,333,823	429,883,672		2,053,160	1,976,966

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.

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Changes in Class A Share capital and Class B Non-Voting Share capital in 2007, 2006 and 2005 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	\$	Number	\$
August 31, 2004	22,719,864	2,490	440,218,744	2,132,943
Class A Share conversions	(30,000)	(3)	30,000	3
Purchase of shares for cancellation	–	–	(23,011,000)	(111,488)
Stock option exercises	–	–	30,266	228
August 31, 2005	22,689,864	2,487	417,268,010	2,021,686
Class A Share conversions	(106,000)	(12)	106,000	12
Purchase of shares for cancellation	–	–	(10,239,800)	(49,584)
Stock option exercises	–	–	165,598	2,377
August 31, 2006	22,583,864	2,475	407,299,808	1,974,491
Class A Share conversions	(20,800)	(2)	20,800	2
Purchase of shares for cancellation	–	–	(4,408,400)	(22,061)
Stock option exercises	–	–	5,678,963	95,398
Issued in respect of acquisition	–	–	179,588	3,000
Share issue costs	–	–	–	(143)
August 31, 2007	22,563,064	2,473	408,770,759	2,050,687

During 2007 the Company purchased for cancellation 4,408,400 (2006 - 10,239,800; 2005 - 23,011,000) Class B Non-Voting Shares, pursuant to its outstanding normal course issuer bid or otherwise, for \$104,763 (2006 - \$146,640; 2005 - \$287,063). Share capital has been reduced by the stated value of the shares amounting to \$22,061 (2006 - \$49,584; 2005 - \$111,488) with the excess of the amount paid over the stated value of the shares amounting to \$82,702 (2006 - \$97,056; 2005 - \$175,575) charged to the deficit.

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 10 years from the date of grant. Twenty-five percent of the options are exercisable on each of the first four anniversary dates from the date of the original grant. The options must be issued at not less than the fair market value of the Class B Non-Voting Shares at the date of grant. The maximum number of Class B Non-Voting Shares issuable under this plan and the warrant plan described below may not exceed 32,000,000. To date, 5,789,895 Class B Non-Voting Shares have been issued under these plans.

As a result of the two-for-one stock split, the number of outstanding options was adjusted in accordance with existing plan provisions. All prior period number of options as well as weighted average exercise prices and fair values per option have been retroactively adjusted to reflect the two-for-one stock split.

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The changes in options in 2007, 2006 and 2005 are as follows:

	2007		2006		2005	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding, beginning of year	19,117,602	16.30	16,904,500	16.30	15,694,000	16.28
Granted	6,693,500	19.03	5,539,000	16.31	3,566,000	16.31
Forfeited	(2,594,140)	17.56	(3,216,000)	16.32	(2,355,500)	16.19
Exercised	(5,642,161)	16.28	(109,898)	15.92	–	–
Outstanding, end of year	17,574,801	17.08	19,117,602	16.30	16,904,500	16.30

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

Range of prices	Options outstanding			Options exercisable	
	Number outstanding at August 31, 2007	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at August 31, 2007	Weighted average exercise price
\$8.69	20,000	6.14	\$ 8.69	15,000	\$ 8.69
\$14.85 – \$22.27	16,522,801	6.27	\$16.76	8,221,935	\$16.32
\$22.28 – \$22.32	1,032,000	9.75	\$22.32	–	–

For all common share options granted to employees up to August 31, 2003, had the Company determined compensation costs based on the fair values at grant dates of the common share options consistent with the method prescribed under CICA Handbook Section 3870, the Company's net income and earnings per share would have been reported as the pro forma amounts indicated below:

	2007 \$	2006 \$	2005 \$
Net income	388,479	458,250	153,221
Fair value of stock option grants	119	1,870	5,772
Pro forma net income	388,360	456,380	147,449
Pro forma basic earnings per share	0.90	1.05	0.32
Pro forma diluted earnings per share	0.89	1.04	0.32

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2007 was \$3.73 per option (2006 – \$1.44 per option; 2005 – \$2.15 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 assumptions:

	2007	2006	2005
Dividend yield	2.79%	1.91%	1.47%
Risk-free interest rate	4.12%	3.98%	3.54%
Expected life of options	4 years	4 years	4 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	26.0%	20.4%	36.7%

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For the purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

Other stock options

In conjunction with the acquisition of Satellite Services, holders of Satellite Services options elected to receive 0.9 of one of the Company's Class B Non-Voting Shares in lieu of one Satellite Services share which would have been received upon the exercise of a Satellite Services option under the Satellite Services option plan.

At August 31, 2007 there were 37,336 (2006 – 77,672) Satellite Services options outstanding with an exercise price of \$3.88 (2006 – \$3.88 to \$11.63). The weighted average remaining contractual life of the Satellite Services options is 0.75 years. At August 31, 2007, 37,336 (2006 – 77,672) Satellite Services options were exercisable into 33,602 (2006 – 69,904) Class B Non-Voting Shares of the Company at a weighted average price of \$4.31 (2006 - \$7.32) per Class B Non-Voting Share. During the year, 40,336 (2006 – 37,000; 2005 – 21,332) Satellite Services options were exercised for \$367 (2006 - \$244; 2005 – \$84).

Warrants

Prior to the Company's acquisition and consolidation of Satellite Services effective July 1, 2000, Satellite Services and Star Choice had established a plan to grant Satellite Services warrants to acquire Satellite Services common shares at a price of \$11.25 per share to distributors and dealers. In conjunction with the acquisition of Satellite Services, the warrants became convertible into Class B Non-Voting Shares of Shaw.

No warrants remain outstanding under the plan at August 31, 2007. During the year, 500 warrants (2006 – 22,400; 2005 – 11,068) were exercised for \$6 (2006 – \$280; 2005 – \$138).

Contributed surplus

The changes in contributed surplus are as follows:

	2007	2006
	\$	\$
Balance, beginning of year	5,110	1,866
Stock-based compensation	6,787	3,272
Stock options exercised	(3,197)	(28)
Balance, end of year	8,700	5,110

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,

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holders of Class A Shares and Class B Non-Voting Shares participate equally, share for share, as to all subsequent dividends declared.

Except in certain limited circumstances, the Company may not pay or declare dividends on any of its capital stock (including capital stock classified as debt) (except by way of stock dividend) at any time when any interest on the COPrS (see note 9) is either in default or is being deferred.

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:

	2007	2006	2005
Numerator for basic and diluted earnings per share(\$)	388,479	458,250	153,221
Denominator (thousands of shares)			
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	432,493	435,332	456,420
Effect of potentially dilutive securities	3,249	–	–
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	435,742	435,332	456,420
Earnings per share(\$)			
Basic	0.90	1.05	0.34
Diluted	0.89	1.05	0.34

Options to purchase 17,608,403 (2006 – 19,187,506; 2005 – 17,007,704) Class B Non-Voting Shares were outstanding under the Company's stock option plan and the Satellite Services option plan at August 31, 2007 and the Company has the right to issue Class B Non-Voting Shares in satisfaction of its redemption obligations on the COPrS included in long-term debt. In addition, warrants to issue 11,200 and 474,242 Class B Non-Voting Shares were outstanding at August 31, 2006 and 2005, respectively. In 2006 and 2005, the effect of the foregoing items is not included in the calculation of diluted earnings per share as the impact is either not dilutive or anti-dilutive (increase earnings per share).

12. FOREIGN CURRENCY CUMULATIVE TRANSLATION ADJUSTMENT

	2007	2006
	\$	\$
Balance, beginning of year	330	365
Current year's deferred translation adjustment	(18)	(35)
Balance, end of year	312	330

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13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006
	\$	\$
Trade	41,871	63,374
Accrued liabilities	192,435	188,242
Accrued network fees	100,468	116,077
Interest	86,504	75,412
Related parties <i>[note 18]</i>	18,718	16,926
Current portion of pension plan liability <i>[note 17]</i>	1,448	1,088
	441,444	461,119

14. 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:

	2007	2006
	\$	\$
Future income tax liabilities:		
Property, plant and equipment	133,225	101,670
Broadcast rights	1,015,800	1,012,448
Partnership income	281,208	259,475
	1,430,233	1,373,593
Future income tax assets:		
Non-capital loss carryforwards	280,628	381,756
Deferred charges	6,691	5,335
Investments	–	1,564
	287,319	388,655
Net future income tax liability	1,142,914	984,938
Current portion of future income tax asset	185,000	139,000
Future income tax liability	1,327,914	1,123,938

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 \$162,000 for which no future income tax asset has been recognized in the accounts. These capital losses can be carried forward indefinitely.

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

	2007 \$	2006 \$	2005 \$
Current statutory income tax rate	33.75%	33.75%	35.50%
Income tax expense at current statutory rates	179,208	126,409	83,031
Increase (decrease) in taxes resulting from:			
Large corporations tax	–	1,859	5,730
Non-taxable portion of foreign exchange gains or losses and amounts on sale/write-down of assets and investments	(95)	(9,077)	(9,903)
Valuation allowance	(9,941)	(29,091)	–
Effect of future tax rate reductions	(25,535)	(175,752)	–
Originating temporary differences recorded at future tax rates expected to be in effect when realized	(3,040)	750	(67)
Other	2,274	1,240	1,591
Income tax expense (recovery)	142,871	(83,662)	80,382

Significant components of income tax expense (recovery) are as follows:

	2007 \$	2006 \$	2005 \$
Current tax expense	–	1,859	5,744
Future income tax expense related to origination and reversal of temporary differences	178,347	119,322	74,638
Future income tax recovery resulting from rate changes and valuation allowance	(35,476)	(204,843)	–
Income tax expense (recovery)	142,871	(83,662)	80,382

15. BUSINESS SEGMENT INFORMATION

The Company provides broadband cable television services, Internet, Digital Phone and telecommunications services (“Cable”); DTH satellite services (Star Choice) and satellite distribution services (“Satellite Services”). All of these operating segments are 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 service revenue and service operating income before charges such as amortization.

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	2007				
	Cable	Satellite		Total	Total
	\$	DTH	Satellite Services	\$	\$
	\$	\$	\$	\$	\$
Service revenue – total	2,086,066	611,713	90,117	701,830	2,787,896
Intersegment	(3,414)	(6,537)	(3,500)	(10,037)	(13,451)
	2,082,652	605,176	86,617	691,793	2,774,445
Service operating income before amortization	995,694	196,404	47,527	243,931	1,239,625
Service operating income as % of external revenue	47.8%	32.5%	54.9%	35.3%	44.7%
Interest ⁽¹⁾	205,062	n/a	n/a	38,563	243,625
Burrard Landing Lot 2 Holdings Partnership					1,418
					245,043
Cash taxes ⁽¹⁾	–	–	–	–	–
Segment assets	6,300,834	894,893	529,411	1,424,304	7,725,138
Corporate assets					438,601
Total assets					8,163,739
Capital expenditures and equipment subsidies by segment					
Capital expenditures	533,485	3,958	5,849	9,807	543,292
Equipment subsidies	19,546	76,970	–	76,970	96,516
	553,031	80,928	5,849	86,777	639,808
Reconciliation to Consolidated Statement of Cash Flows					
Additions to property, plant and equipment					554,565
Additions to equipment costs (net)					96,516
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows					651,081
Decrease in working capital related to capital expenditures					(7,678)
Less: IRU prepayments ⁽³⁾					(7)
Less: Satellite services equipment profit ⁽⁴⁾					(3,588)
Total capital expenditures and equipment subsidies reported by segments					639,808

See notes following 2005 business segment table.

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	2006				
	Cable \$	DTH \$	Satellite Services \$	Total \$	Total \$
Service revenue – total	1,811,579	573,100	86,434	659,534	2,471,113
Intersegment	(2,996)	(5,293)	(3,540)	(8,833)	(11,829)
	1,808,583	567,807	82,894	650,701	2,459,284
Service operating income before amortization	857,466	175,401	45,050	220,451	1,077,917
Service operating income as % of external revenue	47.4%	30.9%	54.3%	33.9%	43.8%
Segment interest ⁽¹⁾	210,758	n/a	n/a	42,100	252,858
Burrard Landing Lot 2 Holdings Partnership					1,445
Total interest					254,303
Cash taxes ⁽¹⁾	1,761	n/a	n/a	98	1,859
Segment assets	5,965,103	896,941	564,044	1,460,985	7,426,088
Corporate assets					235,455
Total assets					7,661,543
Capital expenditures and equipment subsidies by segment					
Capital expenditures	432,156	5,598	12,072	17,670	449,826
Equipment subsidies	19,393	88,536	–	88,536	107,929
	451,549	94,134	12,072	106,206	557,755
Reconciliation to Consolidated Statements of Cash Flows					
Additions to property, plant and equipment					423,855
Additions to equipment costs (net)					107,929
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows					531,784
Increase in working capital related to capital expenditures					31,343
Less: Partnership capital expenditures ⁽²⁾					(1,803)
Less: IRU prepayments ⁽³⁾					(281)
Less: Satellite services equipment profit ⁽⁴⁾					(3,288)
Total capital expenditures and equipment subsidies reported by segments					557,755

See notes following 2005 business segment table.

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	2005				
	Cable	Satellite		Total	Total
		\$	DTH \$		
Service revenue – total	1,601,126	535,333	90,152	625,485	2,226,611
Intersegment	(2,757)	(4,604)	(9,440)	(14,044)	(16,801)
	1,598,369	530,729	80,712	611,441	2,209,810
Service operating income before amortization	797,583	141,687	42,723	184,410	981,993
Service operating income as % of external revenue	49.9%	26.7%	52.9%	30.2%	44.4%
Segment interest ⁽¹⁾	220,388	n/a	n/a	41,384	261,772
Burrard Landing Lot 2 Holdings Partnership					1,177
Total interest					262,949
Cash taxes ⁽¹⁾	5,410	n/a	n/a	334	5,744
Segment assets	5,788,468	877,397	534,278	1,411,675	7,200,143
Corporate assets					230,042
Total assets					7,430,185
Capital expenditures and equipment subsidies by segment					
Capital expenditures	313,056	2,049	6,385	8,434	321,490
Equipment subsidies	30,112	85,556	–	85,556	115,668
	343,168	87,605	6,385	93,990	437,158
Reconciliation to Consolidated Statements of Cash Flows					
Additions to property, plant and equipment					336,888
Additions to equipment costs (net)					115,668
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows					452,556
Increase in working capital related to capital expenditures					4,378
Less: Partnership capital expenditures ⁽²⁾					(15,045)
Less: IRU prepayments ⁽³⁾					(1,198)
Less: Satellite services equipment profit ⁽⁴⁾					(3,533)
Total capital expenditures and equipment subsidies reported by segments					437,158

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

(2) Consolidated capital expenditures include the Company's proportionate share of the Partnership's capital expenditures which the Company is required to proportionately consolidate (see note 1). As the Partnership is financed by its own debt facility with limited recourse to the Company, the Partnership's capital expenditures are subtracted from the calculation of segmented capital expenditures and equipment subsidies.

(3) Prepayments on IRUs in amounts not exceeding the costs to build the fiber subject to the IRUs are subtracted from the calculation of segmented capital expenditures and equipment subsidies.

(4) The profit from the sale of satellite equipment is subtracted from the calculation of segmented capital expenditures and equipment subsidies as the Company views the profit on sale as a recovery of expenditures on customer premise equipment.

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16. 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. 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 for the maintenance and lease of satellite transponders, lease of transmission facilities, and lease of premises as follows:

	\$
2008	109,565
2009	103,337
2010	97,502
2011	96,773
2012	94,659
Thereafter	440,457
	<hr/> 942,293

Included in operating, general and administrative expenses are transponder maintenance expenses of \$59,009 (2006 – \$57,132; 2005 – \$52,604) and rental expenses of \$59,117 (2006 – \$51,437; 2005 – \$54,459).

- (iii) At August 31, 2007, the Company had capital expenditure commitments of \$8,384 covering a three-year period.

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.

The Company has sought and obtained Intervenor status in connection with an appeal to be heard by the Federal Court of Appeal regarding fees charged under Part II of the Broadcasting License Fee Regulations. It is possible that fees currently provided for with respect to all or part of the current year will not be required to be remitted and fees previously remitted may be recovered. The Company has not recorded a recovery for this contingency.

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.

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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, 2007, 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 performance bonds

The Company and certain of its subsidiaries have granted irrevocable standby letters of credit and performance 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, 2007, the guarantee instruments amounted to \$562 (2006 – \$357). 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 in fiscal 2008 and 2009.

17. PENSION PLANS

Defined contribution pension plans

The Company has defined contribution pension plans for all non-union employees and contributes 5% of eligible earnings to the maximum amount deductible under the Income Tax Act. For union employees, the Company contributes amounts up to 7.5% of earnings to the individuals' registered retirement savings plans. Total pension costs in respect of these plans for the year were \$14,486 (2006 - \$12,359; 2005 – \$11,091) of which \$8,586 (2006 – \$7,139; 2005 – \$6,873) was expensed and the remainder capitalized.

Defined benefit pension plan

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 the plan. The plan is unfunded. The plan has remained unchanged since its initiation other than an amendment in 2004 to limit survivor benefits and an amendment in 2007 to reinstate the survivor benefits previously limited.

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The table below shows the change in benefit obligations.

	2007 \$	2006 \$
Accrued benefit obligation, beginning of year	111,086	100,004
Current service cost	2,956	2,271
Interest cost	6,129	5,088
Actuarial losses	13,881	4,811
Past service cost	25,767	–
Payment of benefits to employees	(1,328)	(1,088)
Accrued benefit obligation, end of year	158,491	111,086
Plan value of assets, end of year	–	–
Plan deficit, end of year	(158,491)	(111,086)
Reconciliation of accrued benefit obligation to Consolidated Balance Sheet accrued pension benefit liability	2007 \$	2006 \$
Balance of unamortized pension obligation:		
Unamortized past service costs	38,479	20,275
Unamortized actuarial loss	61,720	51,999
	100,199	72,274
Accrued pension benefit liability recognized in Consolidated Balance Sheet:		
Accounts payable and accrued liabilities	1,448	1,088
Long-term liability	56,844	37,724
	58,292	38,812
Accrued benefit obligation, end of year as above	158,491	111,086

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

	2007 %	2006 %	
Accrued benefit obligation			
Discount rate	5.50	5.25	
Rate of compensation increase	5.00	5.00	
	2007 %	2006 %	2005 %
Benefit cost for the year			
Discount rate	5.25	5.00	6.25
Rate of compensation increase	5.00	4.00	3.00

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

	2007	2006	2005
	\$	\$	\$
Current service cost	2,956	2,271	996
Interest cost	6,129	5,088	3,930
Past service cost	25,767	–	–
Actuarial losses	13,881	4,811	34,330
Difference between amortization of actuarial loss recognized for the year and actual actuarial loss on the accrued benefit obligation for the year	(9,721)	(1,036)	(32,579)
Difference between amortization of past service costs recognized for the year and actual past service costs on the accrued benefit obligation for the year	(18,204)	2,567	2,567
Pension expense	20,808	13,701	9,244

The actuarial losses 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.

The table below shows the expected benefit payments in each of the next five fiscal years as actuarially determined, and in aggregate, for the five fiscal years thereafter:

2008	1,448
2009	2,038
2010	3,935
2011	3,900
2012	3,862
2013 – 2017	35,757

18. 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 \$108,801 (2006 – \$100,046; 2005 – \$94,165), advertising fees of \$415 (2006 – \$269; 2005 – \$283) and programming fees of \$1,047 (2006 – \$1,116; 2005 – \$1,083) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided cable system distribution access to Corus Custom Networks, the advertising division of Corus, for \$258 (2006 – \$253; 2005 –

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\$251), administrative and other services to Corus for \$1,589 (2006 – \$1,743; 2005 – \$1,646), uplink of television signals to Corus for \$4,845 (2006 – \$4,845; 2005 – \$4,759) and Internet services and circuits for \$1,041 (2006 – \$637; 2005 – \$92).

The Company provided Corus with television advertising spots and uplink services 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 \$9,907 (2006 – \$8,560; 2005 – \$7,238) 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.

Other

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

The Company paid \$511 (2006 – \$858; 2005 – \$2,506) for direct sales agent, maintenance and service agent services to a company controlled by a Director and former Director of the Company.

During the year, the Company paid \$2,249 (2006 – \$1,928; 2005 – \$1,328) for remote control units to a supplier where a Director of the Company holds a position 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:

During the year, the Company realized a gain of \$2,680 on the sale of certain corporate assets to a company controlled by a Director of the Company. The transaction was recorded at the exchange amount, supported by independent evidence, which the parties have agreed represents the fair value of the assets.

Under a policy of supporting employee and officer relocations, the Company has granted non-interest bearing loans for a period of five years collateralized by mortgages on the personal residences. Other 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 2007 was 4.9% (2006 – 3.8%; 2005 – 4.0%). During the year, executive officers voluntarily repaid approximately 10% (2006 – 10%; 2005 – 10%) of their original loan balances. At August 31, 2007, the total amount outstanding on all employee and officer loans was \$4,746 (2006 – \$5,446).

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

19. 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
 - a) The fair value of publicly traded shares included in this category is determined by the closing market values for those investments.
 - b) The carrying value of other investments in this category approximates their fair value.
- (iii) Long-term debt
 - a) The carrying value of bank loans approximates their fair value because interest charges under the terms of the bank loans are based upon current Canadian bank prime and bankers' acceptance rates and on US bank base and LIBOR rates.
 - b) 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.
- (iv) Derivative financial instruments
The fair value of interest and cross-currency interest exchange agreements and US currency contracts is based upon quotations by the counterparties to the agreements.

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

	<u>2007</u>		<u>2006</u>	
	<u>Carrying</u>	<u>Estimated</u>	<u>Carrying</u>	<u>Estimated</u>
	<u>value</u>	<u>fair value</u>	<u>value</u>	<u>fair value</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Long-term debt	3,068,554	3,101,732	2,996,385	3,087,729
Derivative financial instruments –				
Interest exchange agreements	–	–	–	1,996
Cross-currency interest rate exchange agreements	–	510,731	–	517,121
US currency purchase and purchase option contracts	–	15,948	–	14,408
	3,068,554	3,628,411	2,996,385	3,621,254

A hypothetical one percentage point decrease in interest rates would have the effect of increasing the estimated fair value of the Company's debt instruments to \$3.8 billion at August 31, 2007 (2006 – \$3.8 billion).

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The maturity dates for derivative financial instruments related to long-term debt are as outlined in note 9. US currency purchase contracts related to capital expenditures mature at various dates during fiscal 2008 to 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.

Credit risks

Credit risks associated with interest and cross-currency interest exchange agreements and US currency contracts arise from the ability 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. These risks are mitigated by dealing with major creditworthy financial institutions.

Accounts receivable are not subject to any significant concentrations of credit risk.

20. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(i) Funds flow from operations

	2007	2006	2005
	\$	\$	\$
Net income	388,479	458,250	153,221
Non-cash items:			
Amortization –			
Deferred IRU revenue	(12,547)	(12,546)	(12,999)
Deferred equipment revenue	(104,997)	(80,256)	(71,677)
Deferred equipment costs	203,597	200,218	210,477
Deferred charges	5,153	5,328	6,595
Property, plant and equipment	381,909	385,607	408,866
Future income tax expense (recovery)	142,871	(85,521)	74,638
Write-down of investments	—	519	1,937
Gain on sale of investments	(415)	(50,315)	(32,163)
Equity loss (income) on investees	(363)	(44)	286
Debt retirement costs	—	12,248	6,311
Fair value loss on foreign currency forward contracts	—	360	19,342
Foreign exchange gain on unhedged long-term debt	—	(5,369)	(40,518)
Stock-based compensation	6,787	3,272	1,454
Defined benefit pension plan	19,120	12,612	8,178
Other	(1,231)	2,834	(5,424)
Funds flow from operations	1,028,363	847,197	728,524

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

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

	2007	2006	2005
	\$	\$	\$
Accounts receivable	(16,435)	(23,561)	4,907
Prepays and other	(9,563)	(5,741)	(2,043)
Accounts payable and accrued liabilities	(14,435)	22,338	(5,965)
Income taxes payable	661	(1,348)	690
Unearned revenue	11,422	7,988	2,325
	(28,350)	(324)	(86)

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

	2007	2006	2005
	\$	\$	\$
Interest	231,513	245,404	287,906
Income taxes	(717)	3,203	5,091

(iv) Non-cash transactions

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

	2007	2006	2005
	\$	\$	\$
Class B Non-Voting Shares issued on acquisitions [note 2]	3,000	–	–

21. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements of the Company are prepared in Canadian dollars in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”). The following adjustments and disclosures would be required in order to present these consolidated financial statements in accordance with accounting principles generally accepted in the United States (“US GAAP”).

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

(a) Reconciliation to US GAAP

	2007 \$	2006 \$	2005 \$
Net income using Canadian GAAP	388,479	458,250	153,221
Add (deduct) adjustments for:			
Deferred charges (2)	5,672	15,362	28,371
Foreign exchange gains on hedged long-term debt (3)	47,382	78,937	121,494
Reclassification of hedge losses from other comprehensive income (8)	(47,382)	(78,937)	(121,494)
Fair value loss on foreign currency forward contract (8)	–	–	(7,700)
Capitalized interest (11)	2,244	–	–
Income taxes (12)	(10,461)	(8,990)	(7,375)
Net income using US GAAP	385,934	464,622	166,517
Unrealized foreign exchange loss on translation of self-sustaining foreign operations	(18)	(35)	(79)
Unrealized gains on available-for-sale securities, net of tax (7)			
Unrealized holding gains arising during the year	–	–	26,923
Less: reclassification adjustments for gains included in net income	–	(29,728)	(21,074)
Adjustment to fair value of derivatives (8)	5,730	(62,843)	(186,398)
Reclassification of derivative losses to income to offset foreign exchange gains on hedged long-term debt (8)	40,215	74,632	99,930
Minimum liability for pension plan (10)	5,813	2,848	(11,433)
	51,740	(15,126)	(92,131)
Comprehensive income using US GAAP	437,674	449,496	74,386
Earnings per share – basic and diluted			
Earnings per share using US GAAP	0.89	1.07	0.36

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

Consolidated Balance Sheet items using US GAAP

	2007		2006	
	Canadian GAAP \$	US GAAP \$	Canadian GAAP \$	US GAAP \$
Property, plant and equipment (11)	2,422,900	2,425,144	2,250,056	2,250,056
Deferred charges (2) (9) (10)	278,525	170,881	261,908	164,053
Broadcast rights (1) (5) (6)	4,776,078	4,750,844	4,691,484	4,666,250
Other long-term liabilities (8) (10)	56,844	683,722	37,724	612,306
Deferred credits (3) (9)	1,151,724	687,913	1,100,895	679,652
Future income taxes	1,327,914	1,271,791	1,123,938	1,072,990
Shareholders' equity:				
Share capital	2,053,160	2,053,160	1,976,966	1,976,966
Contributed surplus	8,700	8,700	5,110	5,110
Deficit	(68,132)	(178,652)	(172,701)	(280,675)
Accumulated other comprehensive loss	–	(126,746)	–	(117,176)
Cumulative translation adjustment	312	–	330	–
Total shareholders' equity	1,994,040	1,756,462	1,809,705	1,584,225

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

	2007 \$	2006 \$
Shareholders' equity using Canadian GAAP	1,994,040	1,809,705
Amortization of intangible assets (1)	(130,208)	(130,208)
Deferred charges (2)	(4,215)	(8,171)
Equity in loss of investees (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
Foreign exchange gains on hedged long-term debt (3)	386,075	345,860
Reclassification of hedge losses from other comprehensive income (8)	(386,075)	(345,860)
Capitalized interest (11)	1,566	–
Income taxes (12)	(8,068)	–
Accumulated other comprehensive loss	(126,746)	(117,176)
Cumulative translation adjustment	(312)	(330)
Shareholders' equity using US GAAP	1,756,462	1,584,225

Included in shareholders' equity under US GAAP is accumulated other comprehensive income (loss), which refers to revenues, expenses, gains and losses that under US GAAP are included in comprehensive income (loss) but are excluded from income (loss) as these amounts are recorded directly as an adjustment

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

to shareholders' equity, net of tax. The Company's accumulated other comprehensive income (loss) is comprised of the following:

	2007	2006
	\$	\$
Unrealized foreign exchange gain on translation of self-sustaining foreign operations	312	330
Fair value of derivatives (8)	(57,169)	(103,114)
Pension liability (10)	(69,889)	(14,392)
Accumulated other comprehensive income	(126,746)	(117,176)

Areas of material difference between accounting principles generally accepted in Canada and the United States 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

Equipment subsidies are deferred and amortized under Canadian GAAP. Under US GAAP, these costs are expensed as incurred.

(3) Foreign exchange gains on hedged long-term debt

Foreign exchange gains on translation of hedged long-term debt are deferred under Canadian GAAP but included in income for US GAAP.

(4) Equity in loss of investees

The earnings of investees determined under Canadian GAAP have 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

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

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) Unrealized gains (losses) on investments

Under US GAAP, equity securities having a readily determinable fair value and not classified as trading securities are classified as “available-for-sale securities” and reported at fair value, with unrealized gains and losses included in comprehensive income and reported as a separate component of shareholders’ equity net of related future income taxes. Gains and losses on the sale of available-for-sale securities are determined using the specific identification method. Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

Under Canadian GAAP, available-for-sale securities are carried at cost and written down only when there is evidence that a decline in value, that is other than temporary, has occurred.

(8) Derivative instruments and hedging activities

Under US GAAP, all derivatives are recognized in the Consolidated Balance Sheet at fair value. Derivatives that are not hedges are adjusted to fair value through income. Derivatives that are hedges are adjusted through income or other comprehensive income until the hedged item is recognized in income depending on the nature of the hedge. Under Canadian GAAP, only speculative derivative financial instruments and those that do not qualify for hedge accounting are recognized in the Consolidated Balance Sheet.

(9) Subscriber connection fee revenue and related costs

Subscriber connection fee revenue and related costs are 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.

(10) Pension liability

Effective August 31, 2007, the Company adopted FASB Statement No. 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans”. Under Statement No. 158, the Company is required to recognize the funded status of the non-contributory defined benefit pension plan on the Consolidated Balance Sheet and to recognize changes in the funded status in the year which the changes occur through accumulated other comprehensive income. The adoption of this standard resulted in a decrease in accumulated other comprehensive income at August 31, 2007 of \$61,310, net of income taxes of \$26,440.

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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

Prior to the adoption of Statement No. 158, an additional minimum liability was recorded for the difference between the accumulated benefit obligation and the accrued pension liability. The additional liability was offset in deferred charges up to an amount not exceeding the unamortized past service costs and the remaining difference was recognized in other comprehensive income, net of tax. For the year ended August 31, 2007, the Company recorded an increase of \$5,813 to other comprehensive income, net of income taxes of \$2,520.

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

- (11) 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.
- (12) Income taxes reflects 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) Stock-based compensation

For all common share options granted to employees up to August 31, 2003 the Company applied APB Opinion 25 "Accounting for Stock Issued to Employees" in accounting for common share options granted to employees and officers for US GAAP purposes. Pro forma disclosures of net income and net income per share are presented below as if the Company had adopted the cost recognition requirements under FASB Statement No. 123, "Accounting for Stock-Based Compensation". Pro forma disclosures are not likely to be representative of the effects on reported income for future years.

		2007	2006	2005
		\$	\$	\$
Net income, US GAAP	As reported	385,934	464,622	166,517
	Pro forma	385,815	462,752	160,745
Net income per share, US GAAP	As reported	0.89	1.07	0.36
	Pro forma	0.89	1.06	0.35

(c) Advertising costs

Advertising costs are expensed when incurred for both Canadian and US GAAP and for 2007, amounted to \$43,210 (2006 – \$35,464; 2005 – \$29,406).

(d) Recent accounting pronouncements

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued Interpretation 48 "Accounting for Uncertainty in Income Taxes" which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interpretation 48 is effective for the Company's 2008 fiscal year. The Company is currently assessing the impact of the adoption of this new accounting policy standard.

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007, 2006 and 2005

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22. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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

Applicable share and option amounts and all related data have been retroactively adjusted to reflect the two-for-one split of the Company's Class A Shares and Class B Non-Voting Shares that was effective on July 30, 2007.

23. SUBSEQUENT EVENT

The Company repaid the \$296,760 notes at maturity on October 17, 2007.

Shaw Communications Inc.
FIVE YEARS IN REVIEW
August 31, 2007

	2007	2006	2005	2004	2003
<i>(\$000's except per share amounts)</i>					
Service revenue					
Cable	2,082,652	1,808,583	1,598,369	1,491,569	1,459,833
DTH	605,176	567,807	530,729	505,637	450,176
Satellite	86,617	82,894	80,712	82,543	88,412
	2,774,445	2,459,284	2,209,810	2,079,749	1,998,421
Service operating income (loss) before amortization⁽¹⁾					
Cable	995,694	857,466	797,583	779,579	727,458
DTH	196,404	175,401	141,687	111,150	52,814
Satellite	47,527	45,050	42,723	41,690	38,619
Corporate restructuring and inventory write-down	—	—	—	—	(13,250)
Litigation settlements	—	—	—	(6,484)	12,000
	1,239,625	1,077,917	981,993	925,935	817,641
Net income (loss)	388,479	458,250	153,221	70,870	(37,177)
Earnings (loss) per share					
Basic	0.90	1.05	0.34	0.16	(0.08)
Diluted	0.89	1.05	0.34	0.16	(0.08)
Funds flow from operations⁽²⁾	1,028,363	847,197	728,524	654,585	494,573
Balance sheet					
Total assets	8,163,739	7,661,543	7,430,185	7,576,720	7,730,929
Long-term debt (including current portion)	3,068,554	2,996,385	3,199,542	3,344,258	3,635,205
Cash dividends declared per share					
Class A	0.462	0.235	0.153	0.078	0.023
Class B	0.465	0.238	0.155	0.080	0.025

(1) See key performance drivers on page 9.

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

Shaw Communications Inc.
SHAREHOLDERS' INFORMATION
August 31, 2007

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, 2007, the Company had 22,563,064 Class A Shares and 408,770,759 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.

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

Quarter	High Close	Low Close	Total Volume
<i>September 1, 2006 to August 31, 2007</i>			
First	\$18.42	\$16.11	95,738,626
Second	\$21.91	\$17.58	98,670,574
Third	\$23.15	\$20.13	69,179,760
Fourth	\$26.50	\$22.25	107,732,215
Closing price, August 31, 2007	\$24.52		371,321,175

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.