SHAW COMMUNICATIONS INC
Form 6-K
January 17, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934
For the month of January 2006
Shaw Communications Inc.

(Translation of registrant s name into English)
Suite 900, 630 3rd Avenue S.W., Calgary, Alberta T2P 4L4 (403) 750-4500

(Address of principal executive offices)

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

Form 20-F o Form 40-F þ

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

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

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

Yes o No þ

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

SIGNATURE

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

Date: January 13, 2006
Shaw Communications Inc.

By:
/s/ Steve Wilson

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

NEWS RELEASE

Shaw Communications Inc. announces first quarter results and continued subscriber growth

Calgary, Alberta (January 12, 2006) Shaw Communications Inc. today announced first quarter results. Net income was $75.7 million or $0.35 per share for the quarter ended November 30, 2005 compared to net income of $44.7 million or $0.19 per share for the same quarter last year.

Net income in the current and comparable quarters included non-operating items which are more fully detailed in Management s Discussions and Analysis (MD&A). These included a tax recovery related to a reduction in enacted income tax rates as well as amounts related to the retroactive adoption of a Canadian accounting pronouncement. Excluding these non-operating items, net income for the quarter ended November 30, 2005 would have been $38.8 million compared to net income of $15.7 million last year. [1]

Total service revenue of $589.5 million for the quarter grew 9.8% over the comparable period. Consolidated service operating income before amortization[2] of $255.3 million was 9.1% higher than the comparable period. Funds flow from operations[3] increased to $197.2 million compared to $170.3 million in the same period last year.

Free cash flow[2] for the quarter was $32.1 million compared to $26.9 million for the same period last year. The increase resulted from improved service operating income before amortization partially offset by higher capital expenditures.

Subscriber growth in the quarter in all products exceeded growth in the comparable quarter last year. Digital Phone lines grew 34,088 to 90,651 as at November 30, 2005. Internet and Digital subscribers were both up 4.7%, increasing by 54,724 and 28,296, respectively, and Basic subscribers were up by 29,429 or 1.4% in the quarter. DTH customers increased 10,199 or 1.2%.

Following a year of solid growth we are off to a good start in the first quarter. Strong subscriber additions confirm that our focus on service and product enhancements is paying off said Jim Shaw, Chief Executive Officer. We remain on track to achieve our free cash flow range for the year of $200 $210 million as announced in October.

Mr. Shaw continued: Both of our divisions are contributing to early success in fiscal 2006 through focused strategies related to growth and business improvements. We reached a key milestone yesterday with the launch of Digital Phone in Vancouver. We now offer the service in five major markets including Calgary, Edmonton, Winnipeg and Victoria and the coverage of homes passed is almost 50%, up from 35%. We are pleased with the customer response to date.

Star Choice continues to focus on improvements in their business processes and the overall customer service experience. They recently received the SQM Group Inc. 2005 award for the highest customer satisfaction rating within the Telecommunications and TV Industry for customer contact within the call centre, so the improvements are clearly working.

As a result of customer growth and rate increases, Cable division service revenue increased 11.7% for the quarter to $431.1 million (2004 $386.0 million). Service operating income before amortization increased 7.2% to $207.5 million (2004 $193.6 million).

Satellite division s service revenue increased by 4.9% to $158.5 million for the quarter mainly due to rate increases and customer growth in DTH. Service operating income before amortization increased by 18.4% to $47.8 million for the quarter. The improvement was largely due to growth in DTH revenues and reduced costs.

In closing Mr. Shaw noted: Customers demand exceptional service, value and reliability and we deliver. Throughout the remainder of 2006 we will continue to roll out Digital Phone, enhance existing products and services, and focus on providing exceptional customer service.

During the quarter, Shaw repurchased 2,360,000 of its Class B Non-Voting Shares for cancellation for $58.0 million ($24.56 per share), pursuant to the amended normal course issuer bid expiring November 7, 2005 and a renewed normal course issuer bid expiring November 16, 2006. For the quarter, share repurchases represent approximately 1.1% of the Class B Non-Voting Shares outstanding at August 31, 2005.

Shaw Communications Inc. is a diversified Canadian communications company whose core business is providing broadband cable television, Internet, Digital Phone, telecommunications services (through Big Pipe Inc.) and satellite direct-to-home services (through Star Choice Communications Inc.) to over three million customers. Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 index (Symbol: TSX SJR.NV.B, NYSE SJR).

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

For further information, please contact:

Steve Wilson
Senior Vice President, Chief Financial Officer
Shaw Communications Inc.
403-750-4500

1 See reconciliation to Net Income in Consolidated Overview in MD&A

2 See definitions under Key Performance Drivers in MD&A.

3 Funds flow from operations is before changes in non-cash working capital as presented in the unaudited interim Consolidated Financial

Statements.

Shaw Communications Inc.

SHAREHOLDERS REPORT

FIRST QUARTER ENDING NOVEMBER 30, 2005

To Our Shareholders:

We are off to a solid start in fiscal 2006. We continued to expand the footprint for our Digital Phone service, introduced a number of product improvements and enhanced services, and achieved customer growth across all products.

Service revenue for the quarter was $589.5 million increasing 9.8% over the comparable period. Consolidated service operating income before amortization[1] of $255.3 million improved 9.1%. Free cash flow[1] for the quarter was $32.1 million compared to $26.9 million for the same period last year.

Throughout the quarter, Shaw enhanced existing products and services and focused on delivering exceptional customer service. In both the Cable and Star Choice divisions, several new high definition (HD) channels were launched including TSN HD and CBC HD. Shaw kicked off the 2005 NFL season with the announcement of the arrival of NFL Network, available to Shaw Digital customers at no additional cost. This is the only 24-hour, seven-day-a-week network dedicated solely to pro football. Shaw also entered the eighth year of offering NFL Sunday Ticket and, for hockey fans, is offering certain Vancouver Canuck, Calgary Flames and Edmonton Oiler games as a pay per view service. Turner Classic Movies was also launched as an addition to our full cable service. It is a commercial-free channel that runs 350 movies per month selected from a library of classic films from the 1920 s to the 1990 s. Shaw s high-speed Internet product was enhanced with the introduction of Shaw Photo Share, giving customers a faster, better way to share digital photos.

Star Choice was recognized by receiving the 2005 award for the Highest Customer Satisfaction Rating within the Telecommunications and TV Industry by SMQ Group Inc. SQM Group recognizes excellence in customer and employee satisfaction for the contact centre industry.

Our continued focus on new and enhanced service offerings is generating solid operational and financial performance with customer growth across all product lines. Internet and Digital subscribers were both up 4.7% increasing by 54,724 and 28,296, respectively.

We continue to see success with our Digital Phone product, adding 34,088 new lines to end the quarter at 90,651 Digital Phone lines. We are now completing over 1.5 million telephone calls per day. Our robust network, along with security measures we have in place, ensures a reliable platform for our customers to use Shaw Digital Phone with confidence.

During the quarter, we also focused on repurchasing shares to take advantage of the value of our stock relative to the prospects for future value growth. We repurchased 2,360,000 Class B Non-Voting Shares for cancellation pursuant to normal course issuer bids for $58.0 million ($24.56 per share).

Shaw Communications Inc.

Our success comes from a strong committed team of over 7,600 employees who are focused and dedicated to one simple aim: delivering exceptional customer experience. We believe that this focus will continue to drive growth and profitability.

JR Shaw Executive Chair	Jim Shaw Chief Executive Officer

1 See definitions under Key Performance Drivers in Management s Discussion and Analysis

Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2005

January 4, 2006

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

The following should also be read in conjunction with Management s Discussion and Analysis included in the Company s August 31, 2005 Annual Report and the Consolidated Financial Statements and the Notes thereto and the unaudited interim Consolidated Financial Statements of the current quarter.

CONSOLIDATED RESULTS OF OPERATIONS
FIRST QUARTER ENDING NOVEMBER 30, 2005
SELECTED FINANCIAL HIGHLIGHTS

	Three months ended November 30,		
($000's Cdn except per share amounts)	**2005**	2004	Change %
Operations:			
Service revenue	**589,545**	537,050	9.8
Service operating income before amortization [1]	**255,322**	234,024	9.1
Funds flow from operations [2]	**197,208**	170,316	15.8
Net income	**75,681**	44,705	69.3
Per share data:			
Earnings per share basic and diluted	**$ 0.35**	$ 0.19	
Weighted average participating shares outstanding during period (000 s)	**219,035**	231,429	

[1] See definition under Key Performance Drivers in Management s Discussion and Analysis.

[2] Funds flow from operations is before changes in non-cash working capital as presented in the unaudited interim Consolidated Financial Statements.

SUBSCRIBER HIGHLIGHTS

	Total November 30, 2005	Growth Three months ended November 30, **2005**	2004
Subscriber statistics:			
Basic cable customers	**2,172,390**	**29,429**	17,109
Digital customers	**626,780**	**28,296**	21,501
Internet customers (including pending installs)	**1,222,787**	**54,724**	47,748
DTH customers	**854,861**	**10,199**	(3,068)
Digital phone lines (including pending installs)	**90,651**	**34,088**	

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ADDITIONAL HIGHLIGHTS

Shaw launched Digital Phone in Victoria on October 12, 2005. At November 30, 2005, the number of Digital Phone lines, including pending installations, was 90,651.

The Company attained customer growth across all business lines in the first quarter with increases of 29,429 for basic cable, 28,296 for digital, 54,724 for Internet, 34,088 for Digital Phone and 10,199 for DTH.

During the quarter the Company closed a $450 million offering of 6.10% senior notes due November 16, 2012. The net proceeds were used for debt repayment, including redemption of its US $172.5 million 8.50% Series Canadian Originated Preferred Securities on December 16, 2005, the repayment of unsecured bank loans, and for working capital purposes.

Consolidated free cash flow[1] of $32.1 million for the quarter improved $5.3 million over the same quarter last year.

Pursuant to normal course issuer bids approved by the Toronto Stock Exchange (TSX), 2,360,000 Class B Non-Voting Shares were repurchased during the first quarter for $58.0 million ($24.56 per share).

Consolidated Overview

Consolidated service revenue improved by 9.8% over the same period last year to $589.5 million for the quarter. The growth in the period was primarily due to customer growth and rate increases. Consolidated service operating income before amortization for the quarter increased by 9.1% to $255.3 million. The improvement over the comparative period was due to overall revenue growth and reduced costs in the satellite division. These improvements were partly offset by increased costs in the cable division, including expenditures incurred to support continued growth, to prepare for increased competition and to launch Digital Phone.

Net income was $75.7 million for the quarter compared to $44.7 million for the same period last year. A number of significant non-operating items affected net income in each of the quarters: During the first quarter of fiscal 2006, the Company recorded a future tax recovery related to a reduction in corporate income tax rates which contributed $31.4 million to net income. Effective September 1, 2005 the Company retroactively adopted the amended Canadian Standard, Financial Instruments Disclosure and Presentation, which classifies the Company s Canadian Originated Preferred Securities (COPrS) and the Zero Coupon Loan as debt instead of equity and treats the entitlements thereon as interest instead of dividends. The restatement of the comparative quarter resulted in an increase to previously reported net income of $25.9 million. The components making up the change included an increase in the previously reported foreign exchange gains on unhedged long term debt of $42.9 million, which was partially offset by increased interest expense of $14.5 million and increased taxes of $2.5 million. Outlined below are further details on these and other operating and non-operating components of net income for each quarter. The fiscal 2006 tax recovery of $31.4 million has been reflected as non-operating.

1 See definitions under Key Performance Drivers in Management s Discussion and Analysis.

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($000 s Cdn)	**November 30 , 2005**	**Operating net of interest**	**Non-Operating**	**November 30, 2004**	**Operating net of interest**	**Non-Operating**
Operating income	125,153			95,772		
Interest on long-term debt	(63,442)			(68,107)		
Operating income after interest	61,711	61,711		27,665	27,665	
Gain on sale of investment	1,690		1,690			
Foreign exchange gain on unhedged long-term debt	3,481		3,481	49,291		49,291
Fair value loss on foreign currency forward contract	(360)		(360)	(21,600)		(21,600)
Other gains	2,131		2,131	3,608		3,608
Income before income taxes	68,653	61,711	6,942	58,964	27,665	31,299
Income tax expense (recovery)	(6,960)	22,937	(29,897)	14,283	11,921	2,362
Income before following	75,613	38,774	36,839	44,681	15,744	28,937
Equity income on investees	68		68	24		24
Net income	75,681	38,774	36,907	44,705	15,744	28,961

The changes in net income are outlined in the table below. The fluctuations in net other costs and revenue are mainly due to the foreign exchange gain on unhedged long-term debt, which was partially offset by fair value changes on a foreign currency forward contract in respect of Shaw s US dollar denominated COPrS. The impact of the foregoing and other changes to net income are outlined as follows:

	Increase (decrease) of November 30, 2005 net income compared to:	
	Three months ended	
($millions Cdn)	August 31, 2005	November 30, 2004
Increased service operating income before amortization	4.6	21.3
Decreased amortization	1.4	8.1
(Increased) decreased interest expense	(0.5)	4.7
Change in net other costs and revenue[1]	(40.7)	(24.3)
Decreased income taxes	40.9	21.2
	5.7	31.0

(1)

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

Earnings per share were $0.35 for the quarter, which represents a $0.16 improvement over the respective period last year. The improvement was due to higher net income of $31.0 million which included a $21.3 million increase in service operating income before amortization, reduced amortization of $8.1 million and reduced interest expense of $4.7 million. These improvements to net income were partially offset by non-operating items that netted to $3.1 million and included a reduced foreign exchange gain on unhedged long-term debt, a reduced fair value loss on a foreign currency forward contract, and decreased income taxes.

Net income increased $5.7 million over the fourth quarter of fiscal 2005. The increase was principally due to improved service operating income before amortization of $4.6 million.

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Funds flow from operations was $197.2 million in the first quarter compared to $170.3 million last year. The growth over the comparative quarter was primarily due to increased service operating income before amortization of $21.3 million and reduced interest expense of $4.7 million.

Consolidated free cash flow for the quarter of $32.1 million improved $5.3 million over last year. The increase in the quarter was due to increased service operating income before amortization and reduced interest expense, both of which were partially offset by increased capital expenditures. The satellite division achieved free cash flow of $0.1 million for the quarter compared to negative free cash flow of $5.1 million in the same quarter last year. Cable generated $32.0 million of free cash flow for the quarter, which is consistent with the comparable quarter last year.

On November 2, 2005 Shaw announced an offering of senior unsecured notes and the redemption of the outstanding Series B US$172.5 million 8.50% COPrS. On November 16, 2005, Shaw closed the offering of $450 million principal amount of 6.10% senior unsecured notes due November 16, 2012. The effective interest rate on the notes is 6.11% due to the discount on issuance and a bond forward transaction entered into by the Company in September 2005 on a portion of the principal. The net proceeds (after underwriting and issue expenses) from the issuance of the notes were $441.5 million and were used for debt repayment, including the redemption of the Series B COPrS on December 16, 2005, the repayment of unsecured bank loans and for working capital purposes. Shaw believes the redemption of the Series B COPrS was prudent given the current interest and foreign exchange rate environments. The Company entered into a forward US dollar purchase contract with a major Canadian bank whereby the Company purchased the US dollars required to fund the Series B COPrS principal repayment at a fixed rate of 1.1704.

On September 7, 2005 Shaw amended its normal course issuer bid and increased the number of Class B Non-Voting Shares which were able to be purchased. Under the amended bid Shaw was authorized to acquire an additional 1,360,000 Class B Non-Voting Shares, for a total under the bid of 12,260,000 Class B Non-Voting Shares. On November 14, 2005 Shaw received approval from the Toronto Stock Exchange to renew its normal course issuer bid to purchase its Class B Non-Voting Shares for a further one year period. The Company is now authorized to acquire up to 11,900,000 Class B Non-Voting Shares during the period November 17, 2005 to November 16, 2006. Shaw continues to believe that share repurchases under the bid are in the best interests of the Company and its shareholders and that such purchases constitute a desirable use of Shaw s free cash flow that is expected to enhance the value of the remaining Class B Non-Voting Shares.

During the quarter, Shaw repurchased 2,360,000 of its Class B Non-Voting Shares for cancellation, 1,360,000 pursuant to the amended normal course issuer bid expiring November 7, 2005 and 1,000,000 pursuant to the renewed normal course issuer bid expiring November 16, 2006, for a total of $58.0 million ($24.56 per share). For the quarter, share repurchases represent approximately 1.1% of the Class B Non-Voting Shares outstanding at August 31, 2005.

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Update to critical accounting policies

The Management s Discussion and Analysis (MD&A) included in the Company s August 31, 2005 Annual Report outlined critical accounting policies including key estimates and assumptions that management has made under these policies and how they affect the amounts reported in the Consolidated Financial Statements. The MD&A also describes significant accounting policies where alternatives exist. Also described therein were a number of new accounting policies that Shaw was required to adopt in 2006 as a result of recent changes in Canadian accounting pronouncements. For a description of the changes in accounting policies, readers should refer to Note 1 of the unaudited interim Consolidated Financial Statements. The ensuing discussion provides additional information as to the date that Shaw was required to adopt the new standards, the methods of adoption permitted by the standards and the method chosen by Shaw and the effect on the financial statements as a result of adopting the new policy.

Adoption of recent Canadian accounting pronouncements

Equity Instruments

In the first quarter of 2006, the Company retroactively adopted the amended Canadian standard, Financial Instruments Disclosure and Presentation, which requires obligations that may be settled at the issuer s option by a variable number of the issuer s own shares to be presented as liabilities, which is consistent with US standards. As a result, the Company s COPrS and the Zero Coupon Loan have been classified as debt instead of equity and the entitlements thereon are treated as interest expense instead of dividends. In addition, such US denominated instruments are translated at period-end exchange rates and to the extent they are unhedged, the resulting gains and losses are included in the Consolidated Statements of Income. The impact on the Consolidated Balance Sheets at November 30, 2005 and August 31, 2005 and on the Consolidated Statements of Income and Cash Flows for the three months ended November 30, 2005 and 2004 is as follows:

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Increase (decrease) *($000 s Cdn except per share amounts)*	**November 30, 2005**	August 31, 2005
Consolidated balance sheets:		
Deferred charges	**13,125**	13,247
Long-term debt	**451,290**	454,775
Deferred credits	**604**	
Future income taxes	**14,488**	14,033
Equity instruments	**(498,194)**	(498,194)
Deficit	**(44,937)**	(42,633)
Decrease in deficit:		
Adjusted for change in accounting policy	**(42,633)**	(36,403)
Decrease in equity entitlements (net of income taxes)	**(6,409)**	(31,318)
Decrease in gain on redemption of COPrS		12,803
Decrease in gain on settlement of Zero Coupon Loan		4,921
Decrease in net income	**4,105**	7,364
	(44,937)	(42,633)

	Three months ended November 30,	
($000 s Cdn except per share amounts)	2005	2004
Consolidated statements of income:		
Increase in amortization	**(122)**	(78)
Increase in interest	**(9,784)**	(14,481)
Increase in foreign exchange gain on unhedged long-term debt	**2,881**	42,906
Decrease (increase) in income tax expense	**2,920**	(2,457)
Increase (decrease) in net income	**(4,105)**	25,890
Increase in earnings per share (in $):	**0.01**	0.15

	Three months ended November 30,	
Increase (decrease) *($000 s Cdn)*	2005	2004
Statement of cash flows:		
Operating activities	**(8,377)**	(10,963)
Financing activities	**8,377**	10,963

Non-monetary Transactions

In the first quarter of 2006, the Company prospectively adopted the new Canadian standard, Non-monetary Transactions, which requires application of fair value measurement to non-monetary transactions determined by a number of tests. The new standard is consistent with recently amended US standards. The application of these recommendations had no impact on the Company s Consolidated Financial Statements.

Key Performance Drivers

The Company s continuous disclosure documents may provide discussion and analysis of non-GAAP financial measures. These financial measures do not have standard definitions prescribed by Canadian GAAP or US GAAP and therefore may not be comparable to similar measures

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disclosed by other companies. The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others, utilize these measures in assessing the Company s financial performance and as an indicator of its ability to service debt. These non-GAAP financial measures have not been presented as an alternative to net income or any other measure of performance required by Canadian or US GAAP.

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

Service operating income before amortization

The Company utilizes this measurement as it is a widely accepted financial indicator of a company s ability to service and/or incur debt. In respect of the calculation of consolidated service operating income before amortization, it is presented as a sub-total line item in the Company s unaudited interim Consolidated Statements of Income and Deficit. It is calculated as service revenue less operating, general and administrative expenses.

Free cash flow

The Company utilizes this measurement as it measures the Company s ability to repay debt and return cash to shareholders. Consolidated free cash flow is calculated as follows:

	Three months ended November 30,	
($000 s Cdn)	**2005**	2004
Cable free cash flow [1]	**31,993**	31,979
Combined satellite free cash flow [1]	**110**	(5,129)
Consolidated	**32,103**	26,850

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

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CABLE
FINANCIAL HIGHLIGHTS

	Three months ended November 30,		
($000 s Cdn)	**2005**	2004	Change %
Service revenue (third party)	**431,061**	385,966	11.7
Service operating income before amortization [1]	**207,515**	193,646	7.2
Less:			
Interest	**52,869**	57,709	(8.4)
Cash taxes on net income	**1,042**	1,587	(34.3)
Cash flow before the following:	**153,604**	134,350	14.3
Capital expenditures and equipment costs (net):			
New housing development	**23,266**	19,459	19.6
Success based	**23,310**	20,200	15.4
Upgrades and enhancement	**58,971**	45,138	30.6
Replacement	**10,135**	6,348	59.7
Buildings/other	**5,929**	11,226	(47.2)
Total as per Note 2 to the unaudited interim Consolidated Financial Statements	**121,611**	102,371	18.8
Free cash flow [1]	**31,993**	31,979	
Operating margin	**48.1%**	50.2%	(2.1)

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

OPERATING HIGHLIGHTS

Shaw launched Digital Phone in Victoria on October 12, 2005 and as at November 30 offered the service in four major markets including Calgary, Edmonton and Winnipeg. At November 30, 2005, the number of Digital Phone lines, including pending installations, was 90,651.

Commencing in October 2005, Shaw introduced rate increases on most stand-alone services, packages, and on specialty services. The increases generated additional revenue of approximately $3.8 million per month once fully implemented in November 2005.

Quarterly free cash flow of $32.0 million was consistent with the comparable quarter.

Quarterly cable service revenue improved $45.1 million or 11.7% over last year. The increase was primarily driven by customer growth, Shaw s entry into the telephony market and rate increases.

During the quarter Shaw launched Digital Phone service in Victoria. Shaw Digital Phone is a reliable, fully featured and affordable residential telephone service. It combines local, long distance and the most popular calling features into a simple package for a fixed monthly fee. The service includes a local residential line, unlimited anytime long distance calling within

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Canada and the U.S. and six calling features: voicemail, call display, call forwarding, three-way calling, call return and call waiting. Professional installation, access to E-911, directory and operator services, and 24/7/365 customer support are all part of the Shaw Digital Phone service at no additional cost. Customers also have the option of keeping their current home phone number and the service works with existing telephones in a customer s home so no purchase of additional equipment is required. Shaw is now completing over 1.5 million telephone calls per day. Our robust network along with security measures in place, ensure a reliable platform for Shaw customers to use Digital Phone with confidence.

Throughout the quarter, Shaw also continued to enhance existing products and services and focused on delivering exceptional customer service. Shaw kicked off the 2005 NFL season with the arrival of NFL Network, available to Shaw Digital customers at no additional cost. This is the only 24-hour, seven-day-a-week network dedicated solely to pro football. Shaw also entered the eighth year of offering NFL Sunday Ticket turning every Sunday night into an event for football fans. Hockey fans are able to watch certain Vancouver Canuck, Calgary Flames and Edmonton Oiler games as a pay-per-view service. Shaw also added two new high definition (HD) channels, including TSN HD and CBC HD, as digital channels which feature HD programming. Full cable service was enhanced with the new channel launch of Turner Classic Movies, offering 24 hours of uncut and commercial-free movies every day of the week bringing to viewers the best in classic movie offerings from the 1920 s through to the 1990 s. Shaw s high-speed Internet product was also enhanced with the introduction of Shaw Photo Share, giving Shaw customers an easy and hassle free way to send and share digital photos, all at no additional cost. This new web based service is fully featured and simple to use.

Service operating income before amortization grew $13.9 million or 7.2% over the prior year. The reduced pace of growth as compared to the growth in service revenue was due to the required investment in people and services to support the ongoing service and product enhancements, plus increased advertising and maintenance.

Although service revenue improved $21.9 million or 5.4% over the fourth quarter of fiscal 2005 as a result of customer growth and rate increases, service operating income before amortization increased 3.4% or $6.8 million. Increased costs, principally salaries and benefits, and maintenance costs contributed to this lower growth rate.

Capital spending increased 18.8% or $19.2 million over the same quarter last year. Increased spending in success based, upgrades and enhancements, and replacement was driven by the launch of Digital Phone. Shaw invested $35.4 million in the first quarter of 2006 on Digital Phone as compared to $13.4 million in the first quarter of last year. Total spending to date on Digital Phone is now $98.0 million. In all major systems, node segmentation continues to improve the service experience. Spending in new housing development increased $3.8 million over the comparable quarter due to increased construction activity. Buildings and other decreased by $5.3 million mainly due to spending on leasehold improvements in Shaw Tower in the comparable period last year.

Shaw Communications Inc.

SUBSCRIBER STATISTICS

	November 30, 2005	August 31, 2005	Three months ended November 30, 2005 Growth	Change %
CABLE:				
Basic service:				
Actual	**2,172,390**	**2,142,961**	29,429	1.4
Penetration as % of homes passed	**66.5%**	**66.1%**		
Digital terminals	**777,964**	**739,725**	38,239	5.2
Digital customers	**626,780**	**598,484**	28,296	4.7
INTERNET:				
Connected and scheduled	**1,222,787**	**1,168,063**	54,724	4.7
Penetration as % of basic	**56.3%**	**54.5%**		
Standalone Internet not included in basic cable	**144,977**	**135,580**	9,397	6.9
DIGITAL PHONE:				
Number of lines (1)	**90,651**	**56,563**	34,088	60.3

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

Churn (2)	Three months ended November 30, **2005**	2004
Digital customers	**3.4%**	3.4%
Internet customers	**3.1%**	3.5%

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

and closing customers for the applicable period.

The cable division gained customers across all product lines in the quarter. Basic cable subscriber growth was 29,429 in the quarter compared to 17,109 in the same quarter last year. Digital customer growth of 28,296 during the quarter was up compared to 21,501 in the same period last year. Internet customers increased by 54,724 during the first quarter compared to 47,748 in the same period last year, enabling Shaw to improve its industry-leading penetration to 56.3% of basic, up from 54.5% at August 31, 2005. Digital Phone lines increased 34,088 during the quarter and as at November 30, 2005, less than 10 months after the initial launch in the first market of this new service, Shaw has 90,651 Digital Phone lines.

Bundled services provide value to customers and are a key element of the Company s growth strategy. Product enhancements in the quarter in Internet and video as well as the launch of Digital Phone in Victoria have helped to push Shaw s bundled penetration rate to 50.1% compared to 48.2% at August 31, 2005.

Shaw Communications Inc.

SATELLITE (DTH and Satellite Services)
FINANCIAL HIGHLIGHTS

	Three months ended November 30,		
			Change
($000 s Cdn)	**2005**	2004	%
Service revenue (third party)			
DTH (Star Choice)	**137,744**	131,563	4.7
Satellite Services	**20,740**	19,521	6.2
	158,484	151,084	4.9
Service operating income before amortization (1)			
DTH (Star Choice)	**36,693**	30,414	20.6
Satellite Services	**11,114**	9,964	11.5
	47,807	40,378	18.4
Less:			
Interest (2)	**10,209**	10,398	(1.8)
Cash taxes on net income	**65**	123	(47.2)
Cash flow before the following:	**37,533**	29,857	25.7
Capital expenditures and equipment costs (net):			
Success based (3)	**30,202**	25,568	18.1
Transponders and other	**7,221**	9,418	(23.3)
Total as per Note 2 to the unaudited interim Consolidated Financial Statements	**37,423**	34,986	7.0
Free cash flow (1)	**110**	(5,129)	102.1
Operating Margin	**30.2%**	26.7%	3.5