Unaudited Interim Consolidated Financial Statements of

Rogers Communications Inc.

Three months ended March 31, 2011 and 2010

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Income
(In millions of Canadian dollars, except per share amounts)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Operating revenue	$ 2,987	$ 2,876
Operating expenses:		
Operating costs (note 5)	1,835	1,758
Integration, restructuring and acquisition costs (note 8)	11	2
Depreciation and amortization	418	406
Operating income	723	710
Finance costs (note 6)	(268)	(183)
Other income (expense), net	2	(2)
Share of the income of associates and joint ventures accounted for using the equity method, net of tax	3	4
Income before income taxes	460	529
Income tax expense (recovery):		
Current	145	114
Deferred	(20)	47
	125	161
Net income for the period	$ 335	$ 368
Earnings per share (note 9):		
Basic	$ 0.60	$ 0.62
Diluted	0.60	0.62

See accompanying notes to unaudited interim consolidated financial statements.

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Comprehensive Income
(In millions of Canadian dollars)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Net income for the period	$ 335	$ 368
Other comprehensive income (loss):		
Change in fair value of available-for-sale investments:		
Increase in fair value	65	87
Income tax expense related to available-for-sale investments	(8)	(11)
	57	76
Cash flow hedging derivative instruments:		
Change in fair value of derivative instruments	(131)	(139)
Reclassification to net income due to settlement of swaps	22	–
Reclassification to net income of foreign exchange gain on long-term debt	111	184
Reclassification to net income of accrued interest	21	23
Income tax expense related to cash flow hedging derivative instruments	(1)	(7)
	22	61
Other comprehensive income for the period	79	137
Comprehensive income for the period	$ 414	$ 505

See accompanying notes to unaudited interim consolidated financial statements.

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Financial Position
(In millions of Canadian dollars)

	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	$ –	$ –	$ 378
Accounts receivable	1,405	1,498	1,305
Other current assets	462	364	338
Current portion of derivative instruments (note 14)	–	1	4
	1,867	1,863	2,025
Property, plant and equipment	8,598	8,437	8,136
Goodwill	3,282	3,108	3,011
Intangible assets	2,728	2,514	2,540
Investments	946	878	699
Derivative instruments (note 14)	3	6	78
Other long-term assets	169	175	152
Deferred tax assets	57	52	84
	$ 17,650	$ 17,033	$ 16,725
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank advances	$ 49	$ 45	$ –
Accounts payable and accrued liabilities	1,735	2,133	2,066
Income tax payable	520	376	208
Current portion of provisions	19	21	14
Current portion of long-term debt (note 10)	–	–	1
Current portion of derivative instruments (note 14)	56	67	80
Unearned revenue	363	329	335
	2,742	2,971	2,704
Provisions	62	62	58
Long-term debt (note 10)	9,726	8,654	8,396
Derivative instruments (note 14)	642	840	1,004
Other long-term liabilities	216	229	177
Deferred tax liabilities	567	517	230
	13,955	13,273	12,569
Shareholders' equity (note 12)	3,695	3,760	4,156
	$ 17,650	$ 17,033	$ 16,725

Subsequent event (note 12(a))

See accompanying notes to unaudited interim consolidated financial statements.

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity
(In millions of Canadian dollars)

Three months ended March 31, 2011

	Class A Voting shares		Class B Non-Voting shares						
	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Share premium	Retained earnings	Hedging reserve	Available-for-sale financial assets reserve	Total shareholders' equity
Balances, December 31, 2010	$ 72	112,462	$ 426	443,072	$ 1,113	$ 1,923	$ (55)	$ 281	$ 3,760
Net income for the period	–	–	–	–	–	335	–	–	335
Other comprehensive income (loss):									
Available-for-sale investments, net of tax	–	–	–	–	–	–	–	57	57
Derivative instruments, net of tax	–	–	–	–	–	–	22	–	22
Total other comprehensive income	–	–	–	–	–	–	22	57	79
Comprehensive income for the period	–	–	–	–	–	335	22	57	414
Transactions with shareholders, recorded directly in equity:									
Repurchase of Class B Non-Voting shares	–	–	(9)	(9,000)	(246)	(30)	–	–	(285)
Dividends declared	–	–	–	–	–	(195)	–	–	(195)
Shares issued on exercise of stock options	–	–	1	19	–	–	–	–	1
Total contributions by and distributions to shareholders	–	–	(8)	(8,981)	(246)	(225)	–	–	(479)
Balances, March 31, 2011	$ 72	112,462	$ 418	434,091	$ 867	$ 2,033	$ (33)	$ 338	$ 3,695

Three months ended March 31, 2010

	Class A Voting shares		Class B Non-Voting shares						
	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Share premium	Retained earnings	Hedging reserve	Available-for-sale financial assets reserve	Total shareholders' equity
Balances, January 1, 2010	$ 72	112,462	$ 456	479,948	$ 2,304	$ 1,302	$ (170)	$ 192	$ 4,156
Net income for the period	–	–	–	–	–	368	–	–	368
Other comprehensive income (loss):									
Available-for-sale investments, net of tax	–	–	–	–	–	–	–	76	76
Derivative instruments, net of tax	–	–	–	–	–	–	61	–	61
Total other comprehensive income	–	–	–	–	–	–	61	76	137
Comprehensive income for the period	–	–	–	–	–	368	61	76	505
Transactions with shareholders, recorded directly in equity:									
Repurchase of Class B Non-Voting shares	–	–	(9)	(9,013)	(278)	(15)	–	–	(302)
Dividends declared	–	–	–	–	–	(188)	–	–	(188)
Shares issued on exercise of stock options	–	–	4	104	–	–	–	–	4
Total contributions by and distributions to shareholders	–	–	(5)	(8,909)	(278)	(203)	–	–	(486)
Balances, March 31, 2010	$ 72	112,462	$ 451	471,039	$ 2,026	$ 1,467	$ (109)	$ 268	$ 4,175

See accompanying notes to unaudited interim consolidated financial statements.

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Cash Flows
(In millions of Canadian dollars)

	Three months ended March 31, 2011	2010
Cash provided by (used in):		
Operating activities:		
Net income	$ 335	$ 368
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	418	406
Program rights and Video rental amortization	51	49
Finance costs	268	183
Current income tax expense	145	114
Deferred taxes	(20)	47
Pension contributions, net of expense	(2)	(12)
Stock-based compensation expense	8	26
Amortization of fair value increment on long-term debt	–	(2)
Share of the income of associates and joint ventures accounted for using the equity method, net of tax	(3)	(4)
Other	4	4
	1,204	1,179
Change in non-cash operating working capital items	(240)	(183)
	964	996
Income taxes paid	(3)	(7)
Interest paid	(222)	(146)
	739	843
Investing activities:		
Additions to property, plant and equipment ("PP&E")	(395)	(365)
Change in non-cash working capital items related to PP&E	(128)	(89)
Acquisitions, net of cash and cash equivalents acquired	(504)	(130)
Additions to program rights	(31)	(46)
Other	(3)	8
	(1,061)	(622)

Rogers Communications Inc.
Unaudited Interim Consolidated Statements of Cash Flows
(In millions of Canadian dollars)

	Three months ended March 31, 2011	2010
Financing activities:		
Issuance of long-term debt	3,015	–
Repayment of long-term debt	(1,817)	–
Premium on repayment of long-term debt	(76)	–
Payment on settlement of cross-currency interest rate exchange agreement and forward contracts	(1,208)	–
Proceeds on settlement of cross-currency interest rate exchange agreement and forward contracts	878	–
Financing costs incurred	(10)	–
Repurchase of Class B Non-Voting shares	(285)	(302)
Proceeds received on exercise of stock options	–	1
Dividends paid	(179)	(175)
	318	(476)
Decrease in cash and cash equivalents (bank advances)	(4)	(255)
Cash and cash equivalents (bank advances), beginning of period	(45)	378
Cash and cash equivalents (bank advances), end of period	$ (49)	$ 123
The change in non-cash operating working capital items is as follows:		
Decrease in accounts receivable	$ 102	$ 141
Increase in other assets	(109)	(118)
Decrease in accounts payable and accrued liabilities	(259)	(225)
Increase in income tax payable	3	–
Increase in unearned revenue	23	19
	$ (240)	$ (183)

Cash and cash equivalents (bank advances) are defined as cash and short-term deposits, which have an original maturity of less than 90 days, less bank advances.

See accompanying notes to unaudited interim consolidated financial statements.

1. Nature of the business:

Rogers Communications Inc. ("RCI") is a diversified Canadian communications and media company, incorporated in Canada, with substantially all of its operations and sales in Canada. Through its Wireless segment ("Wireless"), RCI is engaged in wireless voice and data communications services. The Company's Cable segment ("Cable") consists of Cable Operations, Rogers Business Solutions ("RBS") and Rogers Video ("Video"). Through Cable Operations, the Company provides television, high-speed Internet and telephony products primarily to residential customers; RBS provides local and long-distance telephone, enhanced voice and data networking services, and IP access to medium and large Canadian businesses and governments; and Video offers digital video disc ("DVD") and video game sales and rentals. The Company is engaged in radio and television broadcasting, televised shopping, magazines and trade publications, sports entertainment, and digital media through its Media segment ("Media"). RCI and its subsidiary companies are collectively referred to herein as the "Company".

The Company's registered office is located at 333 Bloor Street East, 10th Floor, Toronto, Ontario, M4W 1G9.

RCI Class A Voting and Class B Non-Voting shares are traded in Canada on the Toronto Stock Exchange ("TSX") and its Class B Non-Voting shares are also traded on the New York Stock Exchange.

The interim consolidated financial statements of RCI for the three months ended March 31, 2011 were approved by the Board of Directors on April 26, 2011.

2. Significant accounting policies:

(a) Statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011.

These are the Company's first quarterly interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Company has elected January 1, 2010 as the date of transition to IFRS (the "Transition Date"). IFRS 1, First-time Adoption of IFRS ("IFRS 1"), has been applied. An explanation of how the transition to IFRS has affected the consolidated financial statements is included in note 3. As these interim consolidated financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in the annual consolidated financial statements prepared in accordance with IFRS have been included in these interim consolidated financial statements for the comparative annual period in notes 16 to 19.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of April 26, 2011, the date the Board of Directors approved the interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These interim consolidated financial statements should be read in conjunction with the Company's 2010 annual consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and in consideration of the IFRS transition disclosures included in note 3 to these interim consolidated financial statements and the additional annual disclosures included in notes 16 to 19.

(b) Basis of presentation:

The consolidated financial statements include the accounts of the Company. Intercompany transactions and balances are eliminated on consolidation.

The consolidated financial statements have been prepared mainly under the historical cost convention. Other measurement bases used are described in the applicable notes. The Company's financial year corresponds to the calendar year. The consolidated financial statements are prepared in millions of Canadian dollars.

Presentation of the unaudited interim consolidated statements of financial position differentiates between current and non-current assets and liabilities. The unaudited interim consolidated statements of income are presented using the nature classification for expenses.

Concurrent with the impact of the transition to IFRS described in note 3, the Company underwent a change in strategy which impacted the Company's management reporting resulting in changes to the Company's reportable segments. Commencing January 1, 2011, the results of the former Rogers Retail segment are segregated as follows: the results of operations of the Video business are presented as a separate operating segment and the former Rogers Retail segment results of operations related to cable and wireless products and services are included in the results of operations of Cable Operations and Wireless, respectively. In addition, certain intercompany transactions between the Company's RBS segment and other operating segments, which were previously recorded as revenue in RBS and operating expenses in the other operating segments, are recorded as cost recoveries in RBS beginning January 1, 2011.

Comparative figures for 2010 have been reclassified to conform to the current period's presentation.

(c) Basis of consolidation:

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries as follows:

- consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and acquisition transaction costs are expensed as incurred;
- identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;
- the excess of the fair value of consideration transferred including the recognized amount of any non-controlling interest of the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill; and
- if the fair value of the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized directly in the statements of income.

(ii) Investments in associates and joint ventures:

The Company's interests in investments in associates and joint ventures are accounted for using the equity method of accounting. Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint

ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The investments in associates and joint ventures are initially recognized at cost. The carrying amount is increased or decreased to recognize, in net income, the Company's share of the income or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

(iii) Publicly traded investments:

Publicly traded investments where no control or significant influence exists are classified as available-for-sale investments and are recorded at fair value. Fair value of other investments where no active market exists is determined by using well established market, asset based, or projected income valuation techniques, which are applied appropriately to each investment depending on its future operating and profitability prospects. Changes in fair value are recorded in other comprehensive income until such time as the investments are disposed of or become impaired. Investments are considered impaired when there is a significant or prolonged decline in fair value below cost.

(d) Revenue recognition:

The Company's principal sources of revenues and recognition of these revenues for financial statement purposes are as follows:

(i) monthly subscriber fees in connection with wireless and wireline services, cable, telephony, Internet services, rental of equipment, network services and media subscriptions are recorded as revenue on a pro rata basis as the service is provided;

(ii) revenue from airtime, data services, roaming, long-distance and optional services, pay-per-use services, video rentals and other sales of products are recorded as revenue as the services or products are delivered;

(iii) revenue from the sale of wireless and cable equipment is recorded when the equipment is delivered and accepted by the independent dealer or subscriber in the case of direct sales. Equipment subsidies related to new and existing subscribers are recorded as a reduction of equipment revenues;

(iv) installation fees and activation fees charged to subscribers do not meet the criteria as a separate unit of accounting. As a result, in Wireless these fees are recorded as part of equipment revenue and, in Cable, are deferred and amortized over the related service period. The related service period for Cable ranges from 26 to 48 months, based on subscriber disconnects, transfers of service and moves. Incremental direct installation costs related to reconnects are deferred to the extent of deferred installation fees and amortized over the same period as these related installation fees. New connect installation costs are capitalized to PP&E and amortized over the useful lives of the related assets;

(v) advertising revenue is recorded in the period the advertising airs on the Company's radio or television stations; is featured in the Company's publications; or is displayed on the Company's digital properties;

(vi) monthly subscription revenues received by television stations for subscriptions from cable and satellite providers are recorded in the month in which they are earned;

(vii) The Toronto Blue Jays Baseball Club's ("Blue Jays") revenue from home game admission and concessions is recognized as the related games are played during the baseball regular season. Revenue from radio and television agreements is recorded at the time the related games are aired. The Blue Jays also receive revenue from the Major League Baseball Revenue Sharing Agreement, which distributes funds to and from member clubs, based on each club's revenues. This revenue is

recognized in the season in which it is earned, when the amount is estimable and collectibility is reasonably assured;

(viii) discounts provided to customers related to combined purchases of Wireless, Cable and Media products and services are charged directly to the revenue for the products and services to which they relate; and

(ix) awards granted to customers through customer loyalty programs are considered a separately identifiable component of the sales transaction(s), and, as a result, are deferred until recognized as operating revenue when the awards are redeemed by the customer and the goods or services are provided by the Company. The portion allocated to the award credit is estimated based on the fair value of the right to the future goods and services. The amount of revenue recognized is based on the number of award credits redeemed relative to the total number of award credits that are expected to be redeemed.

The Company offers certain products and services as part of multiple deliverable arrangements. The Company divides multiple deliverable arrangements into separate units of accounting. Components of multiple deliverable arrangements are separately accounted for provided the delivered elements have stand-alone value to the customers and the fair value of any undelivered elements can be objectively and reliably determined. Consideration for these units is measured and allocated amongst the accounting units based upon their fair values and the Company's relevant revenue recognition policies are applied to them. The Company recognizes revenue to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Unearned revenue includes subscriber deposits, cable installation fees and amounts received from subscribers related to services and subscriptions to be provided in future periods.

(e) Subscriber acquisition and retention costs:

Except as described in note 2(d)(iv), as it relates to cable installation costs, the Company expenses the costs related to the acquisition or retention of subscribers as incurred.

(f) Stock-based compensation and other stock-based payments:

The Company's employee stock option plans, which are described in notes 13 and 19(a), attach cash-settled share appreciation rights ("SARs") to all granted stock options. The SARs feature allows the option holder to elect to receive in cash an amount equal to the intrinsic value, being the excess market price of the Class B Non-Voting share over the exercise price of the option, instead of exercising the option and acquiring Class B Non-Voting shares. All outstanding stock options are classified as liabilities and are carried at their fair value, as adjusted for vesting, measured using option valuation techniques that are compliant with IFRS 2, Share-based Payment ("IFRS 2"). The fair value of the liability is remeasured each period and is amortized to income over the period in which the related services are rendered, which is usually the graded vesting period or, as applicable, over the period to the date an employee is eligible to retire, whichever is shorter.

The Company has a restricted share unit ("RSU") plan, which is described in notes 13 and 19(b). RSUs that will be settled in cash are recorded as liabilities. The measurement of the liability and compensation costs for these awards is based on the fair value of the award and is recorded as a charge to income over the vesting period of the award. Changes in the Company's liability subsequent to the grant of the award and prior to the settlement date, due to changes in fair value of the award, are recorded as a charge to income in the period incurred. The payment amount is established as of the vesting date of the award.

The Company has a deferred share unit ("DSU") plan, which is described in notes 13 and 19(c). DSUs that will be settled in cash are recorded as liabilities. The measurement of the liability and compensation costs for these awards is based on the fair value of the award at the date of grant. Changes in the Company's liability subsequent to grant of the award and prior to the settlement date, due to changes in the fair value of

the award, are recorded as a charge to income in the period incurred. The payment amount is established as of the exercise date of the award.

The employee share accumulation plan allows employees to voluntarily participate in a share purchase plan. Under the terms of the plan, employees of the Company can contribute a specified percentage of their regular earnings through payroll deductions and the Company makes certain defined contribution matches, which are recorded as compensation expense in the period made.

(g) Income taxes:

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the unaudited interim consolidated statements of income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable based on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(h) Foreign currency translation:

Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the unaudited interim consolidated statements of financial position dates and non-monetary assets and liabilities and related depreciation and amortization expenses are translated at the historical exchange rate. Revenue and expenses, other than depreciation and amortization, are translated into Canadian dollars at the average rate for the month in which the transaction was recorded. Exchange gains or losses on translating long-term debt are recognized in the unaudited interim consolidated statements of income and unaudited interim consolidated statements of comprehensive income, as applicable. Foreign exchange gains or losses are primarily related to the translation of long-term debt.

(i) Financial and derivative instruments:

(i) Recognition:

The Company initially recognizes loans and receivables, debt securities and subordinated liabilities on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provision of the instrument. Financial assets and financial liabilities are offset and the net amount presented in the unaudited interim consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and liability simultaneously.

(ii) Classification and measurement:

(a) Non-derivative financial instruments:

Financial instruments are, for measurement purposes, grouped into classes. The classification depends on the purpose and is determined at initial recognition. All of the Company's non-derivative financial assets are classified as available-for-sale or loans and receivables. Available-for-sale financial assets are comprised of the Company's publicly traded and private investments. These investments are carried at fair value plus transaction costs directly attributable to the acquisition of the financial asset, on the unaudited interim consolidated statements of financial position, with subsequent changes in fair value, other than impairment losses, recorded in the available-for-sale financial assets reserve, a component of equity, through other comprehensive income, until such time as the investments are disposed of, at which time the cumulative fair value change in other comprehensive income is transferred to income.

Upon initial recognition, all of the Company's loans and receivables, comprised solely of accounts receivable are measured at fair value plus transaction costs directly attributable to the acquisition of the financial asset and subsequently carried at amortized cost using the effective interest method.

All of the Company's non-derivative financial liabilities are classified as other financial liabilities and are initially measured at fair value plus transaction costs that are directly attributable to the issue of the financial liability. Subsequent to the initial recognition and measurement, these non-derivative financial liabilities are measured at amortized cost using the effective interest method. Such liabilities include bank advances arising from outstanding cheques, accounts payable and accrued liabilities, provisions, and long-term debt. None of the Company's non-derivative financial assets or liabilities are classified as held-to-maturity or at fair value through profit and loss.

(b) Derivative financial instruments:

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. From time-to-time, these instruments include cross-currency interest rate exchange agreements ("Derivatives"), interest rate exchange agreements, foreign exchange forward contracts and foreign exchange option agreements. All such instruments are only used for risk management purposes. The Company does not use derivative instruments for speculative purposes.

All derivatives, including embedded derivatives that must be separately accounted for, are measured at fair value, with changes in fair value recorded in the unaudited interim consolidated statements of income unless they are effective cash flow hedging instruments. The Company assesses whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the Company first becomes a party to the contract. The changes in fair value of cash flow hedging derivatives are recorded in the hedging reserve, a component of equity, to the extent effective, until the variability of cash flows relating to the hedged asset or liability is recognized in income. Any hedge ineffectiveness is recognized in income immediately.

On initial designation of a derivative instrument as a hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 to 125 percent.

(iii) Impairment:

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the unaudited interim consolidated statements of income and reflected in an allowance account against accounts receivable.

(iv) Fair values:

The Company determines the fair values of its financial instruments as follows:

(a) the carrying amounts in the unaudited interim consolidated statements of financial position of accounts receivable, bank advances arising from outstanding cheques, accounts payable and accrued liabilities, and provisions approximate fair values because of the short-term nature of these financial instruments.

(b) the fair values of investments that are publicly traded are determined by the quoted market values for each of the investments.

(c) the fair values of private investments where no active market exists are determined by using well established market, asset based, or projected income valuation techniques which are applied appropriately to each investment depending on its future operating and profitability prospects. Management makes assumptions that are based on market conditions existing at the unaudited interim consolidated statements of financial position date.

(d) for disclosure purposes only, the fair values of each of the Company's public debt instruments are based on the period-end trading values. The fair value of the bank credit facility approximates its carrying amount since the interest rates approximate current market rates.

(e) the fair values of the Company's Derivatives are determined using an estimated credit-adjusted mark-to-market valuation which involves increasing the treasury-related ("risk free") discount rates used to calculate the risk-free estimated mark-to-market valuation by an estimated credit spread for the relevant term and counterparty for each derivative. In the case of Derivatives in an asset position (i.e. those Derivatives for which the counterparties owe the Company on a net basis), the credit spread for the bank counterparty is added to the risk-free discount rate to determine the estimated credit-adjusted value. In the case of Derivatives in a liability position (i.e. those Derivatives for which the Company owes the counterparties on a net basis), the Company's credit spread is added to the risk-free discount rate. The change in fair value of the Derivatives not designated as hedges for accounting purposes are recorded immediately in the statement of income.

    The changes in fair value of the Derivatives designated as hedges for accounting purposes are recorded in the hedging reserve within equity, to the extent effective, until the variability of cash flows relating to the hedged asset or liability is recognized in the statement of income.

(f) the fair values of the Company's other long-term financial assets and financial liabilities are not significantly different from their carrying amounts.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. 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.

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 include valuations using inputs based on observable market data, either directly or indirectly other than the quoted prices. Level 3 valuations are based on inputs that are not based on observable market data.

(v) Current/non-current distinction:

Financial assets and liabilities maturing more than one year from the unaudited interim consolidated statements of financial position date are considered to be non-current. Other financial assets and liabilities are recognized as current. Financial assets and liabilities are recognized and derecognized applying settlement date accounting.

(j) Earnings per share:

The Company presents basic and diluted earnings per share data. Basic earnings per share are calculated by dividing the income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted earnings per share are determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The Company uses the treasury stock method for calculating diluted earnings per share. The diluted earnings per share calculation considers the impact of employee stock options and other potentially dilutive instruments, as disclosed in note 9.

(k) Inventories and Video rental inventory:

Inventories, including handsets, digital cable equipment and merchandise for resale, are primarily valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Video rental inventory, which includes DVDs and video games, is amortized to its estimated residual value. The residual value of Video rental inventory is recorded as a charge to operating expense upon the sale of Video rental inventory. Amortization of Video rental inventory is charged to cost of sales on a diminishing-balance basis over a six-month period.

(l) Deferred transaction costs:

The direct costs paid to lenders to obtain revolving credit facilities are deferred and amortized on a straight-line basis over the life of the debt to which they relate.

Financing costs incurred in connection with the issuance of long-term debt are capitalized and amortized using the effective interest method.

(m) Provisions:

Provisions are recognized when a present obligation as a result of a past event will lead to a probable outflow of economic resources from the Company and the amount of that outflow can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a

legal or constructive obligation that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Decommissioning and restoration costs:

In the course of the Company's activities, network and other assets are utilized on leased premises which are expected to have costs associated with decommissioning these assets and restoring the location where these assets are situated upon ceasing their use on those premises. The associated cash outflows, which are long-term in nature, are generally expected to occur at the dates of exit of the assets to which they relate.

These decommissioning and restoration costs are calculated on the basis of the identified costs for the current financial year, extrapolated into the future based on management's best estimates of future trends in prices, inflation, and other factors, and are discounted to present value at a risk-adjusted rate specifically applicable to the liability. Forecasts of estimated future provisions are revised in light of future changes in business conditions or technological requirements.

The Company records these decommissioning and restoration costs as PP&E and subsequently allocates them to expense using a systematic and rational method over the asset's useful life, and records the accretion of the liability as a charge to finance costs.

(ii) Product guarantees:

A provision for product guarantees is recognized for instances where replacement products will be provided to subscribers. The provision is based on historical data and an estimate of the future replacements required for products sold on or before the reporting date.

(iii) Restructuring:

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or management has announced the plan's main features to those affected by it. Future operating losses are not provided for.

(iv) Onerous contracts:

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligation under the contract exceed the expected benefits to be derived by the Company. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

(n) Employee benefits:

(i) Pension benefits:

The Company provides both contributory and non-contributory defined benefit pension plans, which provide employees with a lifetime monthly pension upon retirement. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The Company accrues its pension plan

obligations as employees render the services necessary to earn the pension. The Company uses a discount rate determined by reference to market yields at the measurement date on high quality corporate bonds to measure the accrued pension benefit obligation. Actuarial gains and losses are determined at the end of the year in connection with the valuation of the plans and are recognized immediately in other comprehensive income.

The Company uses the following methods and assumptions for pension accounting:

(a) the cost of pensions is actuarially determined using the projected unit credit method. The projected unit credit method takes into account the expected rates of salary increases, for instance, as the basis for future benefit increases.

(b) for the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

(c) past service costs from plan amendments are expensed immediately in the statement of income to the extent that they are already vested. Unvested past service costs are deferred and amortized on a straight-line basis over the average remaining vesting period.

(ii) Termination benefits:

Termination benefits are recognized as an expense when the Company is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(o) Property, plant and equipment:

(i) Recognition and measurement:

Items of PP&E are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after January 1, 2010.

The cost of the initial cable subscriber installation is capitalized. Costs of other cable connections and disconnections are expensed, except for direct incremental installation costs related to reconnect Cable customers, which are deferred to the extent of reconnect installation revenues. Deferred reconnect revenues and expenses are amortized over the related estimated service period.

When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Gains and losses on disposal of an item of PP&E are determined by comparing the proceeds from disposal with the carrying amount of PP&E, and are recognized within other income in the unaudited interim consolidated statements of income.

(ii) Subsequent costs:

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of PP&E will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to operating expenses as incurred.

(iii) Depreciation:

PP&E are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged to the statement of income so as to write-off the cost of PP&E, other than land and assets under construction, over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Mainly diminishing balance	4% to 18%
Towers, head-ends and transmitters	Straight-line	6-2/3% to 25%
Distribution cable and subscriber drops	Straight-line	5% to 20%
Network equipment	Straight-line	6-2/3% to 33-1/3%
Wireless network radio base station equipment	Straight-line	12-1/2% to 14-1/3%
Computer equipment and software	Straight-line	14-1/3% to 33-1/3%
Customer equipment	Straight-line	20% to 33-1/3%
Leasehold improvements	Straight-line	Over shorter of estimated useful life and lease term
Equipment and vehicles	Mainly diminishing balance	5% to 33-1/3%

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such changes is recognized in the unaudited interim consolidated statements of income prospectively.

(p) Acquired program rights:

Program rights represent contractual rights acquired from third parties to broadcast television programs. Acquired program rights for broadcasting are carried at the lower of cost less accumulated amortization, and recoverable value. Acquired program rights and the related liabilities are recorded on the unaudited interim consolidated statements of financial position when the licence period begins and the program is available for use. The cost of acquired program rights is amortized over the expected exhibition period of the related programs. Program rights for multi-year sports programming arrangements are expensed as incurred. Recoverable value of acquired program rights is assessed using an industry standard methodology.

(q) Goodwill and intangible assets:

(i) Goodwill:

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Company enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

(ii) Intangible assets:

Intangible assets acquired in a business combination are recorded at their fair values. Intangible assets with definite useful lives are amortized over their estimated useful lives and are tested for impairment, as described in note 2(r). Intangible assets having an indefinite life, being spectrum and broadcast licences, are not amortized but are tested for impairment on an annual basis, as described in note 2(r). Useful

lives, residual values and amortization methods for intangible assets with definite useful lives are reviewed at least annually.

Intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives as follows:

Brand names	5 to 20 years
Customer relationships	2 to 5 years
Roaming agreements	12 years
Marketing agreement	5 years

During the three months ended March 31, 2011, no significant changes were made in estimated useful lives compared to 2010.

Development expenditures are capitalized if they meet the criteria for recognition as an asset. The assets are amortized over their expected useful lives once they are available for use. Research expenditures, as well as maintenance and training costs, are expensed as incurred.

(r) Impairment:

(i) Goodwill and indefinite-life intangible assets:

The carrying values of identifiable intangible assets with indefinite lives and goodwill are tested annually for impairment. A cash generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and indefinite life intangible assets are allocated to CGUs for the purpose of impairment testing based on the level at which management monitors it, which is not higher than an operating segment. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Non-financial assets with definite useful lives:

The carrying values of non-financial assets with definite useful lives, such as PP&E and intangible assets with definite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset must be determined. Such assets are impaired if their recoverable amount is lower than their carrying amount. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is tested for impairment.

(iii) Recognition of impairment charge:

The recoverable amount is the higher of an asset’s fair value less costs to sell or its value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The resulting impairment loss is recognized in the unaudited interim consolidated statements of income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset or CGU in prior years. An impairment loss recognized for goodwill cannot be reversed.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that asset. The cash flows used reflect management assumptions and are supported by external sources of information.

(s) Use of estimates:

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Key areas of estimation, where management has made difficult, complex or subjective judgements, often as a result of matters that are inherently uncertain are as follows:

(i) Business combinations:

The amount of goodwill initially recognized as a result of a business combination and the determination of the fair value of the identifiable assets acquired and the liabilities assumed is based, to a considerable extent, on management's judgement.

(ii) Income taxes:

Income tax liabilities must be estimated for the Company, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Management judgement is required for the calculation of current and deferred taxes.

(iii) Property, plant and equipment:

Measurement of PP&E involves the use of estimates for determining the expected useful lives of depreciable assets. Management's judgement is also required to determine depreciation methods and an asset's residual value, the rate of capitalization of internal labour costs and whether an asset is a qualifying asset for the purposes of capitalizing borrowing costs.

(iv) Impairment of non-financial assets:

The impairment test on CGUs is carried out by comparing the carrying amount of CGU's and their recoverable amount. The recoverable amount of a CGU is the higher of fair value, less costs to sell and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

(v) Provisions:

Considerable judgement is used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgement is necessary to determine the likelihood that a pending litigation or other claim will succeed, or a liability will arise and to quantify the possible range of the final settlement.

(vi) Financial risk management and financial instruments:

The fair value of derivative instruments, investments in publicly traded and private companies, and equity instruments is determined on the basis of either prices in regulated markets or quoted prices provided by financial counterparts, or using valuation models which also take into account subjective measurements such as, for example, cash flow estimates or expected volatility of prices.

(vii) Pensions:

Pension benefit costs are determined in accordance with actuarial valuations, which rely on assumptions including discount rates, life expectancies and expected return on plan assets. In the event that changes in

assumptions are required with respect to discount rates and expected returns on invested assets, the future amounts of the pension benefit cost may be affected materially.

(viii) Stock options, share units and share purchase plans:

Assumptions are used in the underlying calculation of fair values of the Company's stock options. Fair value is determined using the Black-Scholes and trinomial option pricing models, depending on the nature of the share based award. Details of the assumptions used are included in note 19.

Significant changes in the assumptions, including those with respect to future business plans and cash flows, could materially change the recorded carrying amounts.

(t) Recent accounting pronouncements:

IFRS 9, Financial Instruments:

In October 2010, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company’s interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

3. Transition to IFRS:

As stated in note 2(a), these are the Company's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the three months ended March 31, 2011, the comparative information presented in these unaudited interim consolidated financial statements for the three months ended March 31, 2010 and in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition to IFRS) and statements of financial position at March 31, 2010 and December 31, 2010.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, comprehensive income and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of financial position and shareholders' equity at January 1, 2010:

January 1, 2010	Canadian GAAP	Reclassification for IFRS Presentation	Note	Adjustments to shareholders' equity	Note	IFRS balance
Assets						
Current assets:						
Cash and cash equivalents	$ 383	$ (5)	(f)	$ –		$ 378
Accounts receivable	1,310	(5)	(f)	–		1,305
Other current assets	338	–		–		338
Current portion of derivative instruments	4	–		–		4
Current portion of deferred tax assets	220	(220)	(m)	–		–
	2,255	(230)		–		2,025
Property, plant and equipment	8,197	(50)	(f)	(11)	(e)	8,136
Goodwill	3,018	(7)	(f)	–		3,011
Intangible assets	2,643	(103)	(f)	–		2,540
Investments	547	151	(f)	1	(i)	699
Derivative instruments	78	–		–		78
Other long-term assets	280	(7)	(f),(g)	(121)	(b)	152
Deferred tax assets	–	84	(f),(m)	–		84
	$ 17,018	$ (162)		$ (131)		$ 16,725
Liabilities and Shareholders' Equity						
Current liabilities:						
Accounts payable and accrued liabilities	$ 2,175	$ (118)	(d),(f),(h)	$ 9	(c)	$ 2,066
Income tax payable	208	–		–		208
Current portion of provisions	–	4	(h)	10	(h)	14
Current portion of long-term debt	1	–		–		1
Current portion of derivative instruments	80	–		–		80
Unearned revenue	284	55	(d)	(4)	(d)	335
	2,748	(59)		15		2,704
Provisions	–	39	(h)	19	(h)	58
Long-term debt	8,463	(9)	(g)	(58)	(g)	8,396
Derivative instruments	1,004	–		–		1,004
Other long-term liabilities	133	–		44	(b),(c),(f)	177
Deferred tax liabilities	397	(133)	(m)	(34)	(m)	230
	12,745	(162)		(14)		12,569
Shareholders' equity	4,273	–		(117)	(n)	4,156
	$ 17,018	$ (162)		$ (131)		$ 16,725

Reconciliation of financial position and shareholders' equity at March 31, 2010:

March 31, 2010	Canadian GAAP	Reclassification for IFRS Presentation	Note	Adjustments to shareholders' equity	Note	IFRS balance
Assets						
Current assets:						
Cash and cash equivalents	$ 126	$ (3)	(f)	$ –		$ 123
Accounts receivable	1,165	(1)	(f)	–		1,164
Other current assets	438	(1)	(f)	–		437
Current portion of derivative instruments	1	–		–		1
Current portion of deferred tax assets	135	(135)	(m)	–		–
	1,865	(140)		–		1,725
Property, plant and equipment	8,190	(48)	(f)	(11)	(e)	8,131
Goodwill	3,111	(7)	(f)	–		3,104
Intangible assets	2,626	(103)	(f)	–		2,523
Investments	645	152	(f)	1	(i)	798
Derivative instruments	15	–	–	–		15
Other long term assets	295	(17)	(f),(g)	(131)	(b)	147
Deferred tax assets	–	84	(f),(m)	–		84
	$ 16,747	$ (79)		$ (141)		$ 16,527
Liabilities and Shareholders' Equity						
Current liabilities:						
Accounts payable and accrued liabilities	$ 1,905	$ (124)	(d),(f),(h)	$ 15	(c)	$ 1,796
Income tax payable	315	–		–		315
Current portion of provisions	–	3	(h)	10	(h)	13
Current portion of long-term debt	1	–		–		1
Current portion of derivative instruments	82	–		–		82
Unearned revenue	300	58	(d)	(4)	(d)	354
	2,603	(63)		21		2,561
Provisions	–	42	(h)	19	(h)	61
Long-term debt	8,266	(8)	(g)	(55)	(g)	8,203
Derivative instruments	1,076	–		–		1,076
Other long-term liabilities	128	(2)	(f)	29	(b),(c),(f)	155
Deferred tax liabilities	379	(48)	(m)	(35)	(m)	296
	12,452	(79)		(21)		12,352
Shareholders' equity	4,295	–		(120)	(n)	4,175
	$ 16,747	$ (79)		$ (141)		$ 16,527

Reconciliation of financial position and shareholders' equity at December 31, 2010:

December 31, 2010	Canadian GAAP	Reclassification for IFRS Presentation	Note	Adjustments to shareholders' equity	Note	IFRS balance
Assets						
Current assets:						
Accounts receivable	$ 1,480	$ 18	(f)	$ –		$ 1,498
Other current assets	365	(1)	(f)	–		364
Current portion of derivative instruments	1	–		–		1
Current portion of deferred tax assets	159	(159)	(m)	–		–
	2,005	(142)		–		1,863
Property, plant and equipment	8,493	(46)	(f)	(10)	(e)	8,437
Goodwill	3,115	(7)	(f)	–		3,108
Intangible assets	2,669	(150)	(f)	(5)	(l)	2,514
Investments	721	158	(f)	(1)	(i)	878
Derivative instruments	6	–		–		6
Other long-term assets	321	(9)	(g)	(137)	(b)	175
Deferred tax assets	–	52	(m)	–		52
	$ 17,330	$ (144)		$ (153)		$ 17,033
Liabilities and Shareholders' Equity						
Current liabilities:						
Bank advances	$ 40	$ 5	(f)	$ –		$ 45
Accounts payable and accrued liabilities	2,256	(137)	(d),(f),(h)	14	(c)	2,133
Income tax payable	376	–		–		376
Current portion of provisions	–	12	(h)	9	(h)	21
Current portion of derivative instruments	67	–		–		67
Unearned revenue	274	56	(d)	(1)	(d)	329
	3,013	(64)		22		2,971
Provisions	–	36	(h)	26	(h)	62
Long-term debt	8,718	(9)	(g)	(55)	(g)	8,654
Derivative instruments	840	–		–		840
Other long-term liabilities	124	–		105	(b),(c),(f)	229
Deferred tax liabilities	676	(107)	(m)	(52)	(m)	517
	13,371	(144)		46		13,273
Shareholders' equity	3,959	–		(199)	(n)	3,760
	$ 17,330	$ (144)		$ (153)		$ 17,033

Reconciliation of comprehensive income for the three months ended March 31, 2010:

	Canadian GAAP	Reclassification for IFRS presentation	Note	Adjustment	Note	IFRS
Operating revenue	$ 2,887	$ (11)	(f)	$ –	(d)	$ 2,876
Operating expenses:						
Operating costs	1,763	(5)	(f)	–	(b),(c)	1,758
Integration, restructuring and acquisition costs	2	–		–		2
Depreciation and amortization	408	(3)	(f)	1	(f)	406
Operating income	714	(3)		(1)		710
Finance costs	(169)	–		(14)	(g),(j)	(183)
Other income (expense), net	(1)	(1)	(k)	–		(2)
Share of the income of associates and joint ventures accounted for using the equity method, net of tax	–	4	(f),(k)	–		4
Income before income taxes	544	–		(15)		529
Income tax expense:						
Current	114	–		–		114
Deferred	50	–		(3)	(m)	47
	164	–		(3)		161
Net income for the period	380	–		(12)		368
Other comprehensive income (loss):						
Change in fair value of available-for-sale investments:						
Increase in fair value	87	–		–		87
Related income tax expense	(11)	–		–		(11)
	76	–		–		76
Cash flow hedging derivative instruments:						
Change in fair value of derivative instruments	(150)	–		11	(j)	(139)
Reclassification to net income of foreign exchange gain on long-term debt	184	–		–		184
Reclassification to net income of accrued interest	23	–		–		23
Related income tax expense	(5)	–		(2)	(m)	(7)
	52	–		9		61
Other comprehensive income	128	–		9		137
Comprehensive income for the period	$ 508	$ –		$ (3)		$ 505

Reconciliation of comprehensive income for the year ended December 31, 2010:

	Canadian GAAP	Reclassification for IFRS presentation	Note	Adjustment	Note	IFRS
Operating revenue	$ 12,186	$ (41)	(f)	$ (3)	(d)	$ 12,142
Operating expenses:						
Operating costs	7,594	(19)	(f)	(4)	(b),(c),(h)	7,571
Integration, restructuring and acquisition costs	40	–		–		40
Impairment of assets	6	–		5	(l)	11
Depreciation and amortization	1,645	(12)	(f)	6	(e),(f)	1,639
Operating income	2,901	(10)		(10)		2,881
Finance costs	(762)	–		(6)	(e),(g),(j)	(768)
Other income (expense), net	(1)	–		–		(1)
Share of the income (loss) of associates and joint ventures accounted for using the equity method, net of tax	–	10	(f)	(8)	(h)	2
Income before income taxes	2,138	–		(24)		2,114
Income tax expense:						
Current	322	–		–		322
Deferred	288	–		2	(m)	290
	610	–		2		612
Net income for the period	1,528	–		(26)		1,502
Other comprehensive income (loss):						
Defined benefit pension plans:						
Actuarial gain (loss)	–	–		(80)	(b)	(80)
Related income tax recovery	–	–		21	(m)	21
	–	–		(59)		(59)
Change in fair value of available-for-sale investments:						
Increase (decrease) in fair value	104	–		(2)	(i)	102
Related income tax expense	(13)	–		–		(13)
	91	–		(2)		89
Cash flow hedging derivative instruments:						
Change in fair value of derivative instruments	(227)	–		6	(j)	(221)
Reclassification to net income of foreign exchange gain on long-term debt	264	–		–		264
Reclassification to net income of accrued interest	97	–		–		97
Related income tax expense	(24)	–		(1)	(m)	(25)
	110	–		5		115
Other comprehensive income	201	–		(56)		145
Comprehensive income for the period	$ 1,729	$ –		$ (82)		$ 1,647

In addition to the changes required to adjust for the accounting policy differences described in the following notes, interest paid and income taxes paid have been moved into the body of the unaudited interim consolidated statements of cash flows as part of operating activities, whereas they were previously disclosed as supplementary information. There are no other material differences between the unaudited interim consolidated statements of cash flows presented under IFRS and the unaudited interim consolidated statements of cash flows presented under previous Canadian GAAP.

(a) Principal exemptions elected on transition to IFRS:

IFRS 1 sets out the requirements that the Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies for the year ended December 31, 2011, and apply these retrospectively to determine the IFRS opening consolidated statement of financial position at the date of transition of January 1, 2010. To assist companies in the transition process, the standard permits a number of specified exemptions from the general principle of retrospective restatement. The Company has elected a number of specified exemptions from the general principal of retrospective application as follows:

(i) Business combinations:

The Company has elected to apply IFRS 3, Business Combinations ("IFRS 3"), retrospectively to all business combinations that took place on or after the date of transition, January 1, 2010. Under previous Canadian GAAP the Company had elected to early adopt The Canadian Institute of Chartered Accountants' Handbook Section 1582, Business Combinations, effective January 1, 2010, the requirements of which are converged with IFRS; consequently there is no impact to the opening statement of financial position or the results for the quarter ended March 31, 2010 upon transition. As a condition under IFRS 1 of applying this exemption, goodwill relating to business combinations that occurred prior to January 1, 2010 was tested for impairment even though no impairment indicators were identified. No impairment existed at the date of transition.

(ii) Leases:

The Company has elected to apply the transitional provisions in International Financial Reporting Interpretations Committee ("IFRIC") 4, Determining whether an Arrangement contains a Lease, thereby determining whether the Company has any arrangements that exist at the date of transition to IFRS that contain a lease on the basis of facts and circumstances existing at January 1, 2010.

(iii) Changes in existing decommissioning, restoration and similar liabilities included in the cost of PP&E:

The Company has elected to apply the exemption to full retrospective application of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities. This election allows the Company to measure the impact of any changes to its decommissioning and restoration liabilities using estimates applicable at the date of transition to IFRS. Consequently, no adjustment was required to the opening consolidated statements of financial position as a result of applying this election and IFRIC 1.

(iv) Borrowing costs:

The Company has elected to apply the transitional provisions of IAS 23, Borrowing Costs ("IAS 23"), prospectively from the date of transition.

(v) Transfers of assets from customers:

The Company has elected to apply the transitional provisions of IFRIC 18, Transfers of Assets from Customers, prospectively from the date of transition.

(b) Employee benefits:

(i) Upon adoption of IFRS, actuarial gains and losses, as described in the significant accounting policies note are recognized immediately in other comprehensive income, as permitted by IAS 19, Employee Benefits ("IAS 19"). Under previous Canadian GAAP, the Company used the corridor method to amortize actuarial gains or losses over the average remaining service life of the employees. At the date of transition, all previously unrecognized cumulative actuarial gains and losses, including the unamortized transitional obligation, were recognized in retained earnings, resulting in a reduction of retained earnings of $149 million. The unrecognized actuarial gains and losses exceeding the corridor that were recognized in the unaudited interim consolidated statements of income for the quarter ended March 31, 2010 and year ended December 31, 2010 under previous Canadian GAAP were reversed. Actuarial losses of $76 million were recognized in other comprehensive income for the year ended December 31, 2010.

(ii) In compliance with IAS 19, past service costs are recognized immediately if vested, or on a straight-line basis over the average remaining vesting period if unvested. Under Canadian GAAP, past service costs were recognized over the expected average remaining service period of active employees expected to receive benefits under the plan. At the date of transition all previously unrecognized past service costs amounting to $9 million were fully vested and as such were recognized in retained earnings. The unrecognized past service costs that were amortized to net income under previous Canadian GAAP were reversed for the quarter ended March 31, 2010 and year ended December 31, 2010.

(iii) Furthermore, IAS 19 requires that the defined benefit obligation and plan assets be measured at the annual statement of financial position date while Canadian GAAP allows the measurement date of the defined benefit obligation and plan assets to be up to three months prior to the date of the annual financial statements. Accordingly, the defined benefit obligation and plan assets have been measured at January 1, 2010 and December 31, 2010. The impact of this difference at the transition date was a reduction of $8 million to retained earnings.

(iv) In addition, IAS 19 and IFRIC 14, IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction, limit the amount that can be recognized as an asset on the statement of financial position to the present value of available contribution reductions or refunds plus unrecognized actuarial losses and unrecognized past service costs. This restriction has resulted in a limit on the asset that can be recorded for one of the Company's defined benefit plans, which results in a further reduction of $8 million that has been recognized in retained earnings at the transition date. For the year ended December 31, 2010, $4 million was recognized in other comprehensive income.

The impact arising from the changes is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Operating costs	$ (2)	$ (5)
Other comprehensive income	–	80
Adjustment before income taxes	$ (2)	$ 75

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Other long-term assets	$ (121)	$ (131)	$ (137)
Other long-term liabilities	(53)	(41)	(112)
Adjustment to retained earnings, before income taxes	(174)	(172)	(249)
Related income tax effect	44	43	64
Adjustment to retained earnings	$ (130)	$ (129)	$ (185)

(c) Stock-based compensation:

As described in notes 13 and 19, the Company has granted stock-based compensation to employees. The Company applied IFRS 2 to its unsettled stock-based compensation arrangements at January 1, 2010 which requires that stock-based compensation be measured based on the fair values of the awards.

The Company accounted for these stock-based compensation arrangements at intrinsic value under previous Canadian GAAP. The related liability has been adjusted to reflect the fair value of the outstanding stock-based compensation to be consistent with the Company's accounting policies, with the difference recorded in retained earnings at transition.

The impact arising from the change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Operating costs	$ 2	$ 3
Adjustment before income taxes	$ 2	$ 3

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Accounts payable and accrued liabilities	$ (9)	$ (15)	$ (14)
Other long-term liabilities	(6)	(2)	(4)
Adjustment to retained earnings before income taxes	(15)	(17)	(18)
Related income tax effect	4	5	–
Adjustment to retained earnings	$ (11)	$ (12)	$ (18)

(d) Customer loyalty programs:

The Company applied IFRIC 13, Customer Loyalty Programs ("IFRIC 13"), retrospectively. IFRIC 13 requires that the fair value of the awards given to a customer be identified as a separate component of the initial sales transaction and the revenue be deferred until the awards are redeemed. Under previous Canadian GAAP, the Company took a liability-based approach in accounting for customer loyalty programs.

Consistent with the requirements of IFRS, the liability balance has been reclassified from accounts payable and accrued liabilities to unearned revenue upon transition.

The impact arising from the change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statement of comprehensive income:		
Operating revenue	$ –	$ (3)
Adjustment before income tax	$ –	$ (3)

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Accounts payable and accrued liabilities	$ 55	$ 58	$ 56
Unearned revenue and customer deposits	(51)	(54)	(55)
Adjustment to retained earnings before income taxes	4	4	1
Related tax effect	(1)	(1)	–
Adjustment to retained earnings	$ 3	$ 3	$ 1

(e) Property, plant and equipment:

The Company has applied IAS 16, Property, Plant and Equipment, which requires that the Company identify the significant components of its PP&E and depreciate these parts separately over their respective useful lives. This has resulted in a more detailed approach to determining the useful lives for certain asset components under IFRS than was used under previous Canadian GAAP.

The Company has also applied IAS 23 which requires the capitalization of interest and other borrowing costs as part of the cost of certain qualifying assets. For the purposes of IAS 23, a qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Under previous Canadian GAAP, the Company elected not to capitalize borrowing costs.

The impact arising from these changes is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Depreciation and amortization	$ –	$ 2
Finance costs - capitalized interest	–	(3)
Adjustment before income taxes	$ –	$ (1)

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Property, plant and equipment	$ (11)	$ (11)	$ (10)
Related income tax effect	3	3	3
Adjustment to retained earnings	$ (8)	$ (8)	$ (7)

As noted above, the Company has elected to apply IAS 23 prospectively from the date of transition, January 1, 2010; consequently, there was no impact to the unaudited interim consolidated statements of financial position at that date.

(f) Joint ventures:

(i) The Company applied IAS 31, Interests in Joint Ventures ("IAS 31"), at January 1, 2010. The Company has elected to use the equity method to recognize interests in joint ventures as described in note 2(c). Previous Canadian GAAP required that the Company proportionately consolidate its interests in joint ventures. The impact of the transition from proportionate consolidation to equity method for the Company's joint ventures does not impact the Company's net assets and consequently is presented as a reclassification difference.

(ii) IFRS requires that the Company immediately recognize any gains that arise on non-monetary contributions to a joint venture to the extent of the other venturers' interest in the joint venture when certain conditions are met. Under previous Canadian GAAP these gains were deferred and amortized into income over the life of the assets contributed. The impact of this difference was to recognize $15 million of unamortized gains in opening retained earnings. Depreciation and amortization increased by $1 million for the quarter ended March 31, 2010 and by $4 million for the year ended December 31, 2010 as a result of eliminating the amortization of the gain under previous Canadian GAAP.

The impacts of applying IAS 31 are summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Operating revenue	$ 11	$ 41
Operating costs	(5)	(19)
Depreciation and amortization - change from proportionate consolidation	(3)	(12)
Depreciation and amortization - remove amortization of deferred gain	1	4
Share of the loss of associates and joint ventures accounted for using the equity method	(3)	(10)
Adjustment before income taxes	$ 1	$ 4

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Cash and cash equivalents	$ (5)	$ (3)	$ –
Accounts receivable	(5)	(1)	18
Other current assets	–	(1)	(1)
Property, plant and equipment	(50)	(48)	(46)
Goodwill	(7)	(7)	(7)
Intangible assets	(103)	(103)	(150)
Investments	151	152	158
Other long-term assets	2	(9)	–
Deferred tax assets	(3)	(3)	–
Bank advances	–	–	(5)
Accounts payable and accrued liabilities	20	21	33
Other long-term liabilities - change from proportionate consolidation	–	2	–
Other long-term liabilities - remove deferred gain	15	14	11
Adjustment to retained earnings before income taxes	15	14	11
Related income tax effect	(10)	(10)	(9)
Adjustment to retained earnings	$ 5	$ 4	$ 2

(g) Financial instruments - transaction costs:

The Company has applied IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), at January 1, 2010, which requires directly attributable costs to be added to certain acquired financial assets and liabilities and amortized to the statement of income over the life of the asset or liability. Under previous Canadian GAAP these costs were expensed as incurred. Unamortized transaction costs of $58 million related to the Company's long-term debt were adjusted upon transition. Additionally, unamortized discounts recognized on long-term debt have been reclassified from other long-term assets to conform with IFRS presentation requirements.

The impact of the change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Finance costs - amortization	$ 3	$ 13
Finance costs - debt issuances	–	(10)
Adjustment before income taxes	$ 3	$ 3

	January 1, 2010	March 31, 2010	December 31 2010
Consolidated statements of financial position:			
Other long-term assets - reclassify unamortized discounts	$ (9)	$ (8)	$ (9)
Long-term debt - reclassify unamortized discounts	9	8	9
Long-term debt - unamortized transaction costs	58	55	55
Adjustment to retained earnings before income taxes	58	55	55
Related income tax effect	(16)	(15)	(15)
Adjustment to retained earnings	$ 42	$ 40	$ 40

(h) Provisions:

IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), requires separate disclosure of provisions on the face of the statement of financial position. This was not required under previous Canadian GAAP, therefore, all provisions were reclassified from accounts payable and accrued liabilities upon transition. Additionally, IAS 37 requires the Company to recognize a provision for any contract that is deemed to be onerous; that is any contract where the costs to fulfill the contract exceed the benefits to be received under the contract. Previous Canadian GAAP did not require such recognition. Upon transition, the Company recognized an onerous contract provision of $29 million.

The impact of the changes is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Operating costs	$ –	$ (2)
Share of the income of associates and joint ventures accounted for using the equity method	–	8
Adjustment before income taxes	$ –	$ 6

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Accounts payable and accrued liabilities	$ 43	$ 45	$ 48
Current portion of provisions - reclassification	(4)	(3)	(12)
Current portion of provisions - onerous contract	(10)	(10)	(9)
Provisions - reclassification	(39)	(42)	(36)
Provisions - onerous contract	(19)	(19)	(26)
Adjustment to retained earnings before income taxes	(29)	(29)	(35)
Related income tax effect	10	10	8
Adjustment to retained earnings	$ (19)	$ (19)	$ (27)

(i) Financial instruments - investments:

IAS 39 requires that the Company measure at fair value its investments in equity instruments that do not have a quoted market price in an active market classified as available-for-sale. Under previous Canadian GAAP, these investments were classified as available-for-sale and measured at cost, as cost closely approximated fair value.

The impact of this change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Increase in fair value of available-for-sale investments	$ –	$ 2
Adjustment before income taxes	$ –	$ 2

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Investments	$ 1	$ 1	$ (1)
Available-for-sale equity reserve	(1)	(1)	1
Adjustment to retained earnings	$ –	$ –	$ –

There is no impact on retained earnings at January 1, 2010 or March 31, 2010 or December 31, 2010 as a result of this change.

(j) Financial instruments - hedge accounting:

IAS 39 requires that the Company include credit risk when measuring the ineffective portion of its cross-currency interest rate exchange agreements. Under previous Canadian GAAP, the Company elected not to include credit risk in the determination of the ineffective portion of its cross-currency interest rate exchange agreements.

The impact of this change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Finance costs - change in fair value of derivative instruments	$ 11	$ 6
Change in fair value of derivative instruments	(11)	(6)
Adjustment before income taxes	$ –	$ –

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Equity reserves - hedging	$ 7	$ (4)	$ 1
Adjustment to retained earnings before income taxes	7	(4)	1
Related tax effect	(1)	–	–
Adjustment to retained earnings	$ 6	$ (4)	$ 1

(k) Share of the income or loss of associates:

IAS 1, Presentation of Financial Statements ("IAS 1"), requires that the share of the income or loss of associates accounted for using the equity method are presented as a separate line item on the face of the statement of income. Under previous Canadian GAAP the share of the income or loss of associates was included with other income.

The impacts of applying IAS 1 are summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statement of comprehensive income:		
Other income, net of income taxes	$ 1	$ –
Share of the income (loss) of associates and joint venture accounted for using the equity method, net of income taxes	(1)	–
Adjustment before income taxes	$ –	$ –

(l) Impairment of non-financial assets:

IAS 36, Impairment of Assets, uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). Canadian GAAP however, uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values.

Additionally, under Canadian GAAP assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities for impairment testing purposes. IFRS requires that assets be tested for impairment at the level of cash generating units, which is the lowest level of assets that generate largely independent cash inflows.

The impact of this change is summarized as follows:

	Three months ended March 31, 2010	Year ended December 31, 2010
Consolidated statements of comprehensive income:		
Impairment of assets	$ –	$ 5
Adjustment before income taxes	$ –	$ 5

	January 1, 2010	March 31, 2010	December 31, 2010
Consolidated statements of financial position:			
Intangible assets	$ –	$ –	$ (5)
Adjustment to retained earnings before income taxes	–	–	(5)
Related tax effect	–	–	1
Adjustment to retained earnings	$ –	$ –	$ (4)

(m) Income taxes:

The above changes decreased (increased) the net deferred tax liability as follows:

	Note	January 1, 2010	March 31, 2010	December 31, 2010
Employee benefits	(b)	$ 44	$ 43	$ 64
Stock-based compensation	(c)	4	5	–
Customer loyalty programs	(d)	(1)	(1)	–
Property, plant and equipment	(e)	3	3	3
Joint ventures	(f)	(10)	(10)	(9)
Financial instruments - transaction costs	(g)	(16)	(15)	(15)
Provisions	(h)	10	10	8
Impairment of assets	(l)	–	–	1
Decrease in net deferred tax liability		$ 34	$ 35	$ 52

The effect on the unaudited interim consolidated statements of comprehensive income for the quarter ended March 31, 2010 and the year ended December 31, 2010 was to decrease the previously reported tax charge for the period by $1 million and $17 million, respectively.

Under IFRS, all deferred tax balances are classified as non-current, regardless of the classification of the underlying assets or liabilities, or the expected reversal date of the temporary difference. The reclassification of all deferred tax balances to non-current also impacts the netting of deferred tax assets and liabilities within or between the taxable entities of the Company. The effect of this change is to reclassify the current deferred tax asset of $220 million at January 1, 2010, $135 million at March 31, 2010 and $159 million at December 31, 2010 to non-current and reclassify $87 million at January 1, 2010 and March 31, 2010 and $52 at December 31, 2010 from deferred tax liability to deferred tax asset.

IFRS requires that subsequent changes to the tax effect of items recorded in other comprehensive income ("OCI") in previous periods be also recorded in OCI. Under previous Canadian GAAP, subsequent changes

to the tax effect of items previously recognized in OCI are recorded in the statement of income. The impact of this difference on transition is to reduce equity reserves by $16 million and increase opening retained earnings by $16 million.

(n) The above changes decreased (increased) shareholders' equity (each net of related tax) as follows:

	Note	January 1, 2010	March 31, 2010	December 31, 2010
Employee benefits	(b)	$ 130	$ 129	$ 185
Stock-based compensation	(c)	11	12	18
Customer loyalty programs	(d)	(3)	(3)	(1)
Property, plant and equipment	(e)	8	8	7
Joint ventures	(f)	(5)	(4)	(2)
Financial instruments - transaction costs	(g)	(42)	(40)	(40)
Provisions	(h)	19	19	27
Financial instruments - hedge accounting	(j)	(6)	4	(1)
Impairment of assets	(l)	–	–	4
Income tax impact transferred from equity reserves		(16)	(16)	(16)
Adjustment to retained earnings		96	109	181
Equity reserves - available-for-sale investments	(i)	(1)	(1)	1
Equity reserves - hedging	(j)	6	(4)	1
Income tax impact transferred to retained earnings		16	16	16
Adjustment to shareholders' equity		$ 117	$ 120	$ 199

4. Segmented information:

Operating segments:

Management reviews the operations of the Company by business segments. Effective January 1, 2011, the results of the business segments are reclassified to reflect the change in strategy as described in note 2(b). These business segments are the primary operating segments and are described as follows:

(a) Wireless - This segment provides retail and business voice and data wireless communications.

(b) Cable - This segment provides cable television, cable telephony and high speed Internet access and facilities based telecommunications services. The Cable business consists of the following three sub segments:

(i) Cable Operations segment which provides cable services, high speed Internet service and Rogers Home Phone;

(ii) RBS segment offers local and long-distance telephone, enhanced voice and data services, and IP access to Canadian businesses and governments, as well as making some of these offerings available on a wholesale basis to other telecommunications providers; and

(iii) Video segment operates a DVD and video game sale and rental business.

(c) Media - This segment operates the Company's radio and television broadcasting operations, consumer and trade publishing operations, televised home shopping service and Rogers Sports Entertainment.

The accounting policies of the segments are the same as those described in the significant accounting policies (note 2). The Company discloses segment operating results based on income before integration, restructuring and acquisition costs, stock-based compensation expense (recovery), other items, depreciation and amortization, finance costs, other income (expense), share of income or (loss) of associates and joint ventures accounted for by equity method, and income taxes, consistent with internal management reporting. This measure of segment operating results differs from operating income in the unaudited interim consolidated statements of income. All of the Company's reportable segments are substantially in Canada.

Information by reportable segments is as follows:

	Three months ended March 31, 2011					Three months ended March 31, 2010				
	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Operating revenue	$ 1,721	$ 953	$ 339	$ (26)	$ 2,987	$ 1,662	$ 942	$ 290	$ (18)	$ 2,876
Operating costs*	931	552	349	(5)	1,827	833	596	285	3	1,717
	790	401	(10)	(21)	1,160	829	346	5	(21)	1,159
Integration, restructuring and acquisition costs	–	8	3	–	11	1	1	–	–	2
Stock-based compensation expense*	1	1	2	4	8	5	3	4	14	26
Other items, net*	–	–	–	–	–	10	5	–	–	15
	789	392	(15)	(25)	1,141	813	337	1	(35)	1,116
Depreciation and amortization	163	203	19	33	418	165	198	14	29	406
Operating income (loss)	$ 626	$ 189	$ (34)	$ (58)	723	$ 648	$ 139	$ (13)	$ (64)	710
Finance costs					(268)					(183)
Other income (expense), net					2					(2)
Share of income of associates and joint ventures accounted for using equity method, net of income tax					3					4
Income before income taxes					$ 460					$ 529
Additions to PP&E	$ 218	$ 161	$ 8	$ 8	$ 395	$ 199	$ 125	$ 4	$ 37	$ 365

*Included with operating costs in unaudited interim consolidated statements of income.

The Company applies the same basis of accounting for transactions between reportable segments as transactions with external parties.

In addition, Cable consists of the following reportable segments:

	Three months ended March 31, 2011				Three months ended March 31, 2010			
	Cable Operations	Rogers Business Solutions	Video	Total Cable	Cable Operations	Rogers Business Solutions	Video	Total Cable
Operating revenue	$ 813	$ 116	$ 24	$ 953	$ 790	$ 111	$ 41	$ 942
Operating costs*	431	90	31	552	450	103	43	596
	382	26	(7)	401	340	8	(2)	346
Integration, restructuring and acquisition costs	–	1	7	8	–	1	–	1
Stock-based compensation expense*	1	–	–	1	3	–	–	3
Other items, net*	–	–	–	–	7	–	(2)	5
	$ 381	$ 25	$ (14)	392	$ 330	$ 7	$ –	337
Depreciation and amortization				203				198
Operating income				$ 189				$ 139
Additions to PP&E	$ 150	$ 11	$ –	$ 161	$ 118	$ 6	$ 1	$ 125

*Included with operating costs in consolidated statements of income.

5. Operating costs:

	March 31, 2011	March 31, 2010
Cost of equipment sales	$ 308	$ 251
Merchandise for resale	51	59
Other external purchases	1,066	1,030
Employee salaries and benefits	410	418
	$ 1,835	$ 1,758

6. Finance costs:

	March 31, 2011	March 31, 2010
Interest on long-term debt	$ 165	$ 168
Loss on repayment of long-term debt (note 10)	99	–
Foreign exchange gain	(9)	(12)
Change in fair value of derivative instruments	14	24
Capitalized interest	(3)	–
Amortization of deferred transaction costs	2	3
	$ 268	$ 183

7. Business combinations and divestitures:

(a) Atria Networks LP:

On January 4, 2011, the Company closed an agreement to purchase a 100% interest in Atria Networks LP ("Atria") for cash consideration of $426 million. Atria, based in Kitchener, Ontario, owns and operates one of the largest fibre-optic networks in Ontario, delivering premier business Internet and data services. The

acquisition will augment RBS's small business and medium-sized business offerings by enhancing its ability to deliver on-net data centric services within and adjacent to Cable's footprint.

The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective January 4, 2011 and has contributed incremental revenue of $20 million and an operating loss of $2 million for the three months ended March 31, 2011. The acquisition transaction costs were approximately $3 million and have been charged to integration, restructuring and acquisition costs, of which $2 million was recognized in fiscal 2010 and $1 million was recognized in the three months ended March 31, 2011.

The final fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	$	426
Current assets	$	10
PP&E		132
Customer relationships		200
Spectrum licence		4
Current liabilities		(17)
Deferred tax liabilities		(52)
Fair value of net identifiable assets acquired and liabilities assumed		277
Goodwill	$	149

Goodwill represents the expected operational synergies with the acquiree and/or intangible assets that do not qualify for separate recognition. The goodwill has been allocated to the RBS reporting segment and is not tax deductible.

The customer relationships are being amortized over a period of 5 years.

Included in current assets is the fair value of trade receivables of $6 million. The gross contractual amount of trade receivables due is $6 million, which is expected to be collected.

(b) BOUNCE FM:

On January 31, 2011, the Company closed an agreement to acquire the assets of Edmonton, Alberta radio station BOUNCE (CHBN-FM) for cash consideration of $22 million. The acquisition of this radio station was made to increase the Company's presence in the Edmonton market. The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective January 31, 2011 and has contributed incremental revenue of $1 million and an operating loss of $1 million for the three months ended March 31, 2011. The acquisition transaction costs were approximately $1 million and have been charged to integration, restructuring and acquisition costs. The fair values assigned are preliminary pending finalization of the valuation of certain net identifiable assets acquired, which the Company expects to finalize during the 2011 fiscal year.

The preliminary estimated fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	$	22
Current assets	$	1
Broadcast licence		12
Preliminary fair value of net assets identifiable acquired and liabilities assumed		13
Goodwill	$	9

Goodwill represents the expected operational synergies with the acquiree and/or intangible assets that do not qualify for separate recognition. The goodwill has been allocated to the Media reporting segment and is tax deductible.

(c) BOB-FM:

On January 31, 2011, the Company closed an agreement to acquire the assets of London, Ontario radio station BOB-FM (CHST-FM) for cash consideration of $16 million. The acquisition of this radio station was made to enter into the London, Ontario market. The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective January 31, 2011 and has contributed incremental revenue of $1 million and an operating loss of $1 million for the three months ended March 31, 2011. The acquisition transaction costs were approximately $1 million and have been charged to integration, restructuring and acquisition costs. The fair values assigned are preliminary pending finalization of the valuation of certain net identifiable assets acquired, which the Company expects to finalize during the 2011 fiscal year.

The preliminary estimated fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	$	16
Current assets	$	1
Broadcast licence		7
Preliminary fair value of net assets identifiable acquired and liabilities assumed		8
Goodwill	$	8

Goodwill represents the expected operational synergies with the acquiree and/or intangible assets that do not qualify for separate recognition. The goodwill has been allocated to the Media reporting segment and is tax deductible.

(d) Compton Cable T.V. Ltd.:

On February 28, 2011, the Company closed an agreement to acquire the assets of Compton Cable T.V. Ltd. ("Compton") for cash consideration of $40 million. Compton provides cable television, Internet and telephony services in Port Perry, Ontario and the surrounding area. The acquisition was made to enter into the Port Perry, Ontario market and is adjacent to the existing Cable footprint. The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective February 28, 2011 and has contributed incremental revenue of $1 million and operating income of $nil for the three months ended March 31, 2011.

The final fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	$	40
Current assets	$	1
PP&E		10
Customer relationships		23
Current liabilities		(1)
Fair value of net assets identifiable acquired and liabilities assumed		33
Goodwill	$	7

Goodwill represents the expected operational synergies with the acquiree and/or intangible assets that do not qualify for separate recognition. The goodwill has been allocated to the Cable Operations reporting segment and is tax deductible.

The customer relationships are being amortized over a period of 3 years.

(e) BV! Media Inc:

During the three months ended March 31, 2011, the Company updated its valuation of certain net identifiable assets acquired for the BV! Media Inc. acquisition. This resulted in an increase in customer relationships of $2 million and a corresponding decrease in goodwill of $2 million from the amounts recorded and disclosed at December 31, 2010.

The final fair values of the assets acquired and liabilities assumed in the acquisition are as follows:

Fair value of consideration transferred	$	24
Current assets	$	5
PP&E		4
Customer relationships		8
Current liabilities		(3)
Deferred tax liabilities		(3)
Fair value of net identifiable assets acquired and liabilities assumed		11
Goodwill	$	13

Goodwill represents the expected operational synergies with the acquiree and/or intangible assets that do not qualify for separate recognition. The goodwill has been allocated to the Media reporting segment and is not tax deductible.

The customer relationships are being amortized over a period of 2 years.

(f) Pro forma disclosures:

Revenue and operating income for the combined Company for the current reporting period would not be materially different if all acquisitions had occurred at the beginning of the current reporting period.

8. Integration, restructuring and acquisition costs:

During the three months ended March 31, 2011, the Company incurred $11 million (2010 - $2 million) of integration, restructuring and acquisition costs related to: (i) the closure of certain Video stores ($7 million); and (ii) acquisition transaction costs for business combinations and integration of acquired businesses and related restructuring ($4 million).

The additions to the liabilities related to the integration, restructuring and acquisition activities and payments made against such liabilities during 2011 are as follows:

	As at December 31, 2010	Additions	Payments	As at March 31, 2011
Severances resulting from the targeted restructuring of the Company's employee base	$ 47	$ –	$ (12)	$ 35
Video store closures	4	7	(2)	9
Acquisition transaction costs and integration of acquired businesses	3	4	(5)	2
	$ 54	$ 11	$ (19)	$ 46

The remaining liability of $46 million as at March 31, 2011, which is included in accounts payable and accrued liabilities, is expected to be paid over fiscal 2011 and 2012.

9. Earnings per share:

The following table sets forth the calculation of basic and diluted earnings per share for the three months ended March 31, 2011 and 2010:

	2011	2010
Numerator:		
Net income for the period, basic and diluted	$ 335	$ 368
Denominator (in millions):		
Weighted average number of shares outstanding - basic	554	590
Effect of dilutive securities:		
Employee stock options	3	4
Weighted average number of shares outstanding - diluted	557	594
Earnings per share:		
Basic	$ 0.60	$ 0.62
Diluted	0.60	0.62

10. Long-term debt:

	Due date	Principal amount	Interest rate	March 31, 2011	December 31, 2010
Bank credit facility			Floating	$ 150	$ –
Senior Notes**	2012	$ U.S. 350	7.875%	–	348
Senior Notes*	2012	U.S. 470	7.25%	–	468
Senior Notes**	2013	U.S. 350	6.25%	339	348
Senior Notes*	2014	U.S. 750	6.375%	727	746
Senior Notes**	2014	U.S. 350	5.50%	339	348
Senior Notes*	2015	U.S. 550	7.50%	533	547
Senior Notes**	2015	U.S. 280	6.75%	272	279
Senior Notes	2016	1,000	5.80%	1,000	1,000
Senior Notes	2018	U.S. 1,400	6.80%	1,358	1,392
Senior Notes	2019	500	5.38%	500	500
Senior Notes	2020	900	4.70%	900	900
Senior Notes	2021	1,450	5.34%	1,450	–
Senior Debentures**	2032	U.S. 200	8.75%	194	199
Senior Notes	2038	U.S. 350	7.50%	339	348
Senior Notes	2039	500	6.68%	500	500
Senior Notes	2040	800	6.11%	800	800
Senior Notes	2041	400	6.56%	400	–
				9,801	8,723
Fair value decrement arising from purchase accounting				(5)	(5)
Deferred transaction costs				(70)	(64)
				$ 9,726	$ 8,654

(*) Denotes senior notes originally issued by Rogers Wireless Inc. which are now unsecured obligations of RCI and for which Rogers Communications Partnership ("RCP") is an unsecured co-obligor.

(**) Denotes senior notes and debentures originally issued by Rogers Cable Inc. which are now unsecured obligations of RCI and for which RCP is an unsecured guarantor.

(a) Redemption of Senior Notes:

On March 21, 2011, the Company redeemed the entire outstanding principal amount of its U.S. $350 million ($342 million) 7.875% Senior Notes due 2012 at the prescribed redemption price of 107.882% of the principal amount effective on that date. The Company incurred a loss on the repayment of the Senior Notes aggregating $42 million, including aggregate redemption premiums of $27 million, a net loss on the termination of the associated swaps of $14 million due to amounts previously recognized in the hedging reserve in equity and a write-off of deferred financing costs of $1 million. Concurrently with this redemption, on March 21, 2011, the Company terminated the associated Derivatives aggregating U.S. $350 million notional principal amount. The Company made a net payment of approximately $219 million to terminate these derivatives.

On March 21, 2011, the Company redeemed the entire outstanding principal amount of its U.S. $470 million ($460 million) 7.25% Senior Notes due 2012 at the prescribed redemption price of 110.735% of the principal amount effective on that date. The Company incurred a loss on the repayment of the Senior Notes aggregating $57 million, including aggregate redemption premiums of $49 million, a net loss on the termination of the associated swaps of $8 million due to amounts previously recognized in the hedging reserve in equity, and a write-off of deferred financing costs of $1 million, and offset by a write-down of a

previously recorded fair value increment of $1 million. Concurrently with this redemption, on March 21, 2011, the Company terminated the associated Derivatives aggregating U.S. $470 million notional principal amount. The Company made a net payment of approximately $111 million to terminate these derivatives.

The total loss on repayment of the Senior Notes was $99 million for the three months ended March 31, 2011.

As a result of these redemptions, the Company paid an aggregate of approximately $878 million, including approximately $802 million aggregate principal amount and $76 million for the premiums payable in connection with the redemptions. In addition, concurrently with the redemptions, the Company terminated the associated Derivatives aggregating U.S. $820 notional principal amount and made an aggregate net payment of approximately $330 million to terminate these Derivatives.

(b) Issuance of Senior Notes:

On March 21, 2011, the Company issued $1,450 million of 5.34% Senior Notes which mature on March 22, 2021. The notes are redeemable, in whole or in part, at the Company's option, at any time, subject to a certain prepayment premium. The net proceeds from the offering were approximately $1,442 million after deduction of the original issue discount and debt issuance costs.

On March 21, 2011, the Company issued $400 million of 6.56% Senior Notes which mature on March 22, 2041. The notes are redeemable, in whole or in part, at the Company's option, at any time, subject to a certain prepayment premium. The net proceeds from the offering were approximately $398 million after deduction of the original issue discount and debt issuance costs.

Debt issuance costs of $10 million related to these debt issuances were incurred and capitalized in the three months ended March 31, 2011.

11. Pensions:

During the three months ended March 31, 2011, the Company recorded pension expense in the amount of $10 million (2010 - $5 million). In addition, the expense related to unfunded supplemental executive retirement plans for the three months ended March 31, 2011 was $1 million (2010 - $1 million).

12. Shareholders' equity:

(a) Dividends:

In February 2011, the Company's Board of Directors adopted a dividend policy which increased the annualized dividend rate from $1.28 to $1.42 per Class A Voting share and Class B Non-Voting share effective immediately to be paid in quarterly amounts of $0.355 per share. Such quarterly dividends are only payable as and when declared by the Board of Directors and there is no entitlement to any dividend prior thereto.

On February 15, 2011, the Board of Directors declared a quarterly dividend totalling $0.355 per share on each of its outstanding Class A Voting shares and Class B Non-Voting shares, which was paid on April 1, 2011, to shareholders of record on March 18, 2011, and is the first quarterly dividend to reflect the newly increased $1.42 per share annual dividend level.

(b) Normal course issuer bid:

In February 2011, the TSX accepted a notice filed by the Company of its intention to renew its prior normal course issuer bid ("NCIB") for a further one-year period. The TSX notice provides that the Company may, during the 12-month period commencing February 22, 2011 and ending February 21, 2012, purchase on the TSX the lesser of 39.8 million Class B Non-Voting shares, representing approximately 9% of the then issued

and outstanding Class B Non-Voting shares, and that number of Class B Non-Voting shares that can be purchased under the NCIB for an aggregate purchase price of $1,500 million. The actual number of Class B Non-Voting shares purchased, if any, and the timing of such purchases will be determined by the Company considering market conditions, share prices, its cash position, and other factors.

In the three months ended March 31, 2011, the Company repurchased for cancellation an aggregate 9,000,000 Class B Non-Voting shares for an aggregate purchase price of $285 million, resulting in a reduction to stated capital, share premium and retained earnings of $9 million, $246 million and $30 million, respectively. All of these shares were repurchased for cancellation pursuant to private agreements between the Company and arm's-length third party sellers for an aggregate purchase price of $285 million. These purchases were made under issuer bid exemption orders issued by the Ontario Securities Commission and are included in calculating the number of Class B Non-Voting shares that the Company may purchase pursuant to the NCIB.

13. Stock-based compensation:

A summary of stock-based compensation expense, which is included in operating costs, is as follows:

	Three months ended March 31,	
	2011	2010
Stock options	$ 3	$ 20
Restricted share units	5	5
Deferred share units	–	1
	$ 8	$ 26

During the three months ended March 31, 2011, the Company granted 1,118,800 (2010 - 1,274,425) stock options to employees, including 537,500 stock options (2010 - 572,025) and 581,300 performance stock options (2010 - 702,400). As at March 31, 2011, 12,621,972 (December 31, 2010 - 11,841,680) stock options were outstanding.

The weighted average exercise price of stock options granted during the three months ended March 31, 2011 was $34.32 per share (2010 - $34.54). The weighted average fair value of stock options granted during the three months ended March 31, 2011 was $7.24 per share (2010 - $7.76). The weighted average exercise price of stock options exercised during the three months ended March 31, 2011 was $18.21 per share (2010 - $17.27).

During the three months ended March 31, 2011, the Company issued 703,323 (2010 - 651,781) restricted share units to employees, including 550,287 (2010 - 469,131) restricted share units and 153,035 (2010 - 182,650) performance restricted share units. As at March 31, 2011, 2,076,643 (December 31, 2010 - 1,616,370) restricted share units were outstanding. These restricted share units vest at the end of three years from the grant date.

During the three months ended March 31, 2011, $10 million (2010 - $18 million) was paid to holders upon exercise of restricted share units, deferred share units and stock options using the cash settlement feature.

14. Financial risk management and financial instruments:

Overview:

The Company is exposed to credit risk, liquidity risk and market risk. The Company's primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Risk

management strategies, as discussed below, are designed and implemented to ensure the Company's risks and the related exposures are consistent with its business objectives and risk tolerance.

The effect of estimating the credit-adjusted fair value of derivatives at March 31, 2011 is illustrated in the table below. As at March 31, 2011, the credit-adjusted net liability position of the Company's derivative portfolio was $695 million, which is $13 million less than the unadjusted risk-free mark-to-market net liability position

	Derivatives in an asset position (A)	Derivatives in a liability position (B)	Net liability position (A) + (B)
Mark-to-market value - risk-free analysis	$ 3	$ (711)	$ (708)
Mark-to-market value - credit-adjusted estimate (carrying value)	3	(698)	(695)
Difference	$ –	$ 13	$ 13

All of the $13 million related to Derivatives accounted for as hedges and was recorded in other comprehensive income.

At March 31, 2011, 91.7% of the Company's U.S. dollar-denominated long-term debt instruments were hedged against fluctuations in foreign exchange rates for accounting purposes. At March 31, 2011, details of the derivative instruments net liability are as follows:

	U.S. $ notional	Exchange rate	Cdn. $ notional	Unadjusted mark-to-market value on a risk free basis	Estimated fair value, being carrying amount on a credit risk adjusted basis
Derivatives accounted for as cash flow hedges:					
As assets	$ 200	1.0250	$ 205	$ 3	$ 3
As liabilities	3,680	1.1503	4,233	(697)	(684)
Net mark-to-market liability				(694)	(681)
Derivatives not accounted for as hedges:					
As liabilities	350	1.0258	359	(14)	(14)
Net mark-to-market liability				$ (708)	(695)
Less net current liability portion					(56)
Net long-term liability portion					$ (639)

During the three months ended March 31, 2011, $6 million (2010 - $11 million) related to hedge ineffectiveness was recognized as a decrease in net income.

The long-term portion above comprises a derivative instruments liability of $642 million and a derivative instruments asset of $3 million as at March 31, 2011.

At December 31, 2010, 93.1% of the Company's U.S. dollar-denominated long-term debt instruments were hedged against fluctuations in foreign exchange rates for accounting purposes. At December 31, 2010, details of the derivative instruments net liability are as follows:

	U.S. $ notional	Exchange rate	Cdn. $ notional	Unadjusted mark-to-market value on a risk free basis	Estimated fair value, being carrying amount on a credit risk adjusted basis
Derivatives accounted for as cash flow hedges:					
As assets	$ 575	1.0250	$ 589	$ 7	$ 7
As liabilities	4,125	1.2021	4,959	(918)	(901)
Net mark-to-market liability				(911)	(894)
Derivatives not accounted for as hedges:					
As liabilities	350	1.0258	359	(6)	(6)
Net mark-to-market liability				$ (917)	(900)
Less net current liability portion					(66)
Net long-term liability portion					$ (834)

15. Related party transactions:

The Company has entered into certain transactions with companies, the partners or senior officers of which are Directors of the Company. During the three months ended March 31, 2011 and 2010, total amounts paid by the Company to these related parties, directly or indirectly, were $8 million and $9 million, respectively. These payments were for legal services, printing and commissions paid on premiums for insurance coverage.

The Company entered into certain transactions with the ultimate controlling shareholder of the Company and companies controlled by the ultimate controlling shareholder of the Company. These transactions are subject to formal agreements approved by the Audit Committee. Total amounts received from (paid to) these related parties, during the three months ended March 31, 2011 and 2010 were less than $1 million, respectively.

These transactions are recorded at the amount agreed to by the related parties, and are reviewed by the Audit Committee.

SELECTED ANNUAL DISCLOSURES

As these interim financial statements are the Company's first financial statements prepared using IFRS, disclosures that are significantly impacted and required to be included in annual financial statements prepared in accordance with IFRS have been included in these financial statements as notes 16 through 19 for the comparative annual period ended December 31, 2010 which was reported in the Company's most recent annual financial statements prepared in accordance with previous Canadian GAAP.

16. Segmented information:

Effective January 1, 2011, the results of the business segments are reclassified to reflect the change in strategy as described in note 2(b).

(a) Information by reportable segments is as follows:

	Year ended December 31, 2010				
	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Operating revenue	$ 6,973	$ 3,785	$ 1,461	$ (77)	$ 12,142
Operating costs*	3,800	2,359	1,330	18	7,507
	3,173	1,426	131	(95)	4,635
Integration, restructuring and acquisition costs	5	23	12	–	40
Stock-based compensation expense*	12	7	10	21	50
Other items, net*	5	5	4	–	14
	$ 3,151	$ 1,391	$ 105	$ (116)	4,531
Depreciation and amortization	648	807	60	124	1,639
Impairment losses on goodwill, intangible assets, and other long-term assets	–	–	11	–	11
Operating income (loss)	2,503	584	34	(240)	2,881
Finance costs					(768)
Other expense, net					(1)
Share of income of associates and joint ventures accounted for using equity method, net of tax					2
Income before income taxes					2,114
Additions to PP&E	$ 937	$ 662	$ 38	$ 197	$ 1,834

*Included with operating costs in consolidated statements of income.

The Company applies the same basis of accounting for transactions between reportable segments as transactions with external parties.

(b) In addition, Cable consists of the following reportable segments:

	Year ended December 31, 2010			
	Cable Operations	Rogers Business Solutions	Video	Total Cable
Operating revenue	$ 3,190	$ 452	$ 143	$ 3,785
Operating costs	1,771	412	176	2,359
	1,419	40	(33)	1,426
Integration, restructuring and acquisition costs	3	13	7	23
Stock-based compensation expense*	7	–	–	7
Other items, net*	7	–	(2)	5
	$ 1,402	$ 27	$ (38)	1,391
Depreciation and amortization				807
Operating income				584
Additions to PP&E	$ 611	$ 38	$ 13	$ 662

*Included with operating costs in consolidated statements of income.

(c) Product revenue:

Revenue is comprised of the following:

	December 31, 2010
Wireless:	
Postpaid	$ 6,229
Prepaid	297
Network revenue	6,526
Equipment sales	447
	6,973
Cable:	
Cable Operations:	
Television	1,835
Internet	848
Telephony	507
	3,190
RBS	452
Video	143
	3,785
Media:	
Advertising	763
Circulation and subscription	234
Retail	265
Blue Jays	156
Other	43
	1,461
Corporate items and intercompany eliminations	(77)
	$ 12,142

17. Provisions:

Details of provisions are as follows:

	Decommissioning and restoration obligations	Onerous contracts	Other	Total
Opening balance, January 1, 2010	$ 18	$ 29	$ 25	$ 72
Additions	–	8	24	32
Adjustment to existing provisions	–	9	(1)	8
Amounts used	(2)	(11)	(12)	(25)
Unused amounts reversed	–	–	(4)	(4)
Ending balance, December 31, 2010	$ 16	$ 35	$ 32	$ 83

	Decommissioning and restoration obligations	Onerous contracts	Other	Total
Current	$ 2	$ 9	$ 10	$ 21
Long-term	14	26	22	62
Ending balance, December 31, 2010	$ 16	$ 35	$ 32	$ 83

In the course of the Company's activities, a number of sites and other PP&E assets are utilized which are expected to have costs associated with exiting and ceasing their use. The associated decommissioning and restoration obligation cash outflows are generally expected to occur at the dates of exit of the assets to which they relate, which are long-term in nature. The extent of restoration work required is uncertain.

The provisions for onerous contracts relate to contracts that have been identified as loss generating. These include non-cancellable contracts, which are expected to be utilized within two years.

The other provisions include product guarantee provisions and legal provisions.

18. Pensions:

The Company maintains both contributory and non-contributory defined benefit pension plans that cover most of its employees. The plans provide pensions based on years of service, years of contributions and earnings. The Company does not provide any non-pension post retirement benefits. The Company also provides supplemental unfunded pension benefits to certain executives.

Actuarial estimates are based on projections of employees' compensation levels at the time of retirement. Maximum retirement benefits are primarily based upon career average earnings, subject to certain adjustments. The most recent actuarial valuations were completed as at January 1, 2010 for two of the plans and January 1, 2009 for one of the other plans. The next actuarial valuation for funding purposes must be of a date no later than January 1, 2011 for certain of the plans and January 1, 2012 for one of the other plans.

The estimated present value of accrued plan benefits and the estimated market value of the net assets available to provide for these benefits for the years ended are as follows:

	December 31, 2010	January 1, 2010
Plan assets, at fair value	$ 652	$ 541
Accrued benefit obligations	728	569
Deficiency of plan assets over accrued benefit obligations	(76)	(28)
Effect of asset ceiling limit	(4)	(8)
Net deferred pension liability	$ (80)	$ (36)
Consists of:		
Deferred pension asset	$ 26	$ 13
Deferred pension liability	(106)	(49)
Net deferred pension liability	$ (80)	$ (36)

Pension fund assets consist primarily of fixed income and equity securities, valued at fair value. The following information is provided on pension fund assets measured at December 31, 2010 for the year ended December 31, 2010.

	December 31, 2010
Plan assets, January 1, 2010	$ 541
Expected return on plan assets	40
Actuarial gains recognized in equity	21
Contributions by employees	21
Contributions by employer	60
Benefits paid	(31)
Plan assets, December 31, 2010	$ 652

The following information is provided on pension fund assets measured at January 1, 2010 including the adjustments from the previously disclosed September 30, 2009 measurement date under Canadian GAAP.

	January 1, 2010
Plan assets, measured at September 30, 2009	$ 518
Actuarial gain recognized in equity	10
Contributions by employees	6
Contributions by employer	15
Benefits paid	(8)
Plan assets, January 1, 2010	$ 541

Accrued benefit obligations arising from funded obligations are outlined below for the years ended December 31:

	December 31, 2010
Accrued benefit obligations, January 1, 2010	$ 569
Service cost	25
Interest cost	40
Benefits paid	(31)
Contributions by employees	22
Actuarial loss	103
Accrued benefit obligations, December 31, 2010	$ 728

The following information is provided on accrued benefit obligations measured at January 1, 2010 related to funded obligations including the adjustments from the previously disclosed September 30, 2009 measurement date under Canadian GAAP.

	January 1, 2010
Accrued benefit obligations, September 30, 2009	$ 526
Service cost	4
Interest cost	10
Benefits paid	(9)
Contributions by employees	6
Actuarial loss	32
Accrued benefit obligations, January 1, 2010	$ 569

Net pension expense, which is included in employee salaries and benefits expense, is outlined below:

	Year ended December 31, 2010
Pension cost recognized in the consolidated statements of income:	
Service cost	$ 25
Interest cost	41
Expected return on plan assets	(40)
Pension cost recognized in the consolidated statements of income	$ 26

The Company also provides supplemental unfunded pension benefits to certain executives. The accrued benefit obligation relating to these supplemental plans amounted to approximately $36 million at December 31, 2010 (January 1, 2010 - $32 million), and the related expense for 2010 was $4 million (2009 - $3 million).

Certain subsidiaries have defined contribution plans with total pension expense of $2 million in 2010 (2009 - $2 million).

(a) Actuarial assumptions:

	December 31, 2010	January 1, 2010
Weighted average discount rate used to determine accrued benefit obligations	5.90%	6.90%
Weighted average discount rate used to determine pension expense	6.90%	N/A
Weighted average rate of compensation increase used to determine accrued benefit obligations	3.00%	3.00%
Weighted average rate of compensation increase used to determine pension expense	3.00%	N/A
Weighted average expected long-term rate of return on plan assets	7.00%	7.00%

Expected return on assets represents management's best estimate of the long-term rate of return on plan assets applied to the fair value of the plan assets. The Company establishes its estimate of the expected rate of return on plan assets based on the fund's target asset allocation and estimated rate of return for each asset class. Estimated rates of return are based on expected returns from fixed income securities which take into account bond yields. An equity risk premium is then applied to estimate equity returns. Differences between expected and actual return are included in actuarial gains and losses.

The estimated average remaining service periods for the plans range from 8 to 11 years.

(b) Allocation of plan assets:

Asset category	Percentage of plan assets, December 31, 2010	Percentage of plan assets, January 1, 2010	Target asset allocation percentage
Equity securities:			
Domestic	18.6%	18.6%	15% to 25%
International	40.3%	39.9%	30% to 50%
Debt securities	40.5%	40.1%	35% to 45%
Other - cash	0.6%	1.4%	0% to 5%
	100.0%	100.0%	

Plan assets are comprised primarily of pooled funds that invest in common stocks and bonds. The pooled Canadian equity fund has investments in the Company's equity securities comprising approximately 1% of the pooled fund. This results in approximately $1 million (January 1, 2010 - $1 million) of the plans' assets being indirectly invested in the Company's equity securities.

The Company makes contributions to the plans to secure the benefits of plan members and invests in permitted investments using the target ranges established by the Pension Committee of the Company. The Pension Committee reviews actuarial assumptions on an annual basis.

(c) Actual contributions to the plans for the year ended December 31, 2010 are as follows:

	Employer	Employee	Total
2010	$ 60	$ 21	$ 81

Expected contributions by the Company in 2011 are estimated to be $71 million.

Employee contributions for 2011 are assumed to be at levels similar to 2010 on the assumption staffing levels in the Company will remain the same on a year-over-year basis.

(d) Expected cash flows:

Expected benefit payments for funded and unfunded plans for the next 10 fiscal years are as follows:

2011	$ 26
2012	27
2013	29
2014	30
2015	32
	144
Next five years	195
	$ 339

(e) Historical information:

History of experience (gains) and losses in the funded plans:

	December 31, 2010	January 1, 2010
Actuarial loss on plan liabilities	$ 82	$ –
Effect of paragraph 58(b) asset ceiling limit	(4)	–
Total loss recognized in OCI	78	–
Cumulative loss recognized in OCI	$ 78	$ –

History of obligation and assets:

	December 31, 2010	January 1, 2010
Benefit obligation	$ 728	$ 569
Fair value of plan assets	652	541
Deficit	$ (76)	$ (28)

As the Company is a first-time adopter of IFRS, the Company is disclosing the history of obligation and assets prospectively from the transition date of January 1, 2010.

19. Stock options, share units and share purchase plans:

Stock-based compensation is measured at fair value. Fair value is determined using the Black-Scholes and trinomial option pricing models, depending on the nature of the share based award.

A summary of stock-based compensation expense (recovery), which is included in employee salaries and benefits expense, is as follows:

	Year ended December 31, 2010
Stock-based compensation:	
Stock options (a)	$ 28
Restricted share units (b)	19
Deferred share units (c)	3
	$ 50

Total fair value amount of stock-based compensation liabilities is as follows:

	December 31, 2010	January 1, 2010
Stock-based compensation:		
Stock options (a)	$ 133	$ 160
Restricted share units (b)	28	17
Deferred share units (c)	19	17
	$ 180	$ 194

At December 31, 2010, the Company had a liability of $180 million (January 1, 2010 - $194 million), of which $157 million (January 1, 2010 - $174 million) is a current liability related to stock-based compensation recorded at its fair value, including stock options, RSUs and DSUs. During the year ended December 31, 2010, $58 million was paid to holders upon exercise of RSUs and stock options using the cash settlement feature.

(a) Stock options:

(i) Stock option plans:

Options to purchase Class B Non-Voting shares of the Company on a one-for-one basis may be granted to employees, directors and officers of the Company and its affiliates by the Board of Directors or by the Company's Management Compensation Committee. There are 30 million options authorized under the 2000 Plan, 25 million options authorized under the 1996 Plan, and 9.5 million options authorized under the 1994 Plan. The term of each option is 7 to 10 years and the vesting period is generally graded vesting over four years but may be adjusted by the Management Compensation Committee on the date of grant. The exercise price for options is equal to the fair market value of the Class B Non-Voting shares determined as the five-day average before the grant date as quoted on the TSX.

Stock options are measured at fair value, determined using the Black-Scholes model.

(ii) Performance options:

During the year ended December 31, 2010, the Company granted 759,200 performance-based options to certain key executives. These options are governed by the terms of the 2000 Plan. These options vest on

a straight-line basis over four years provided that certain targeted stock prices are met on or after the anniversary date. At December 31, 2010, 4,894,980 performance options were outstanding.

Performance options are measured at fair value, determined using the Trinomial model.

(iii) Summary of stock options:

At December 31, 2010, a summary of the stock option plans is as follows:

	Number of options	Weighted average exercise price
Outstanding, beginning of year	13,467,096	$ 23.73
Granted	1,350,225	34.69
Exercised	(2,528,585)	14.78
Forfeited	(447,056)	34.89
Outstanding, end of year	11,841,680	$ 26.42
Exercisable, end of year	6,415,933	$ 19.24

At December 31, 2010, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life are as follows:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 4.83 - $ 9.99	837,383	2.23	$ 7.53	837,383	$ 7.53
$10.00 - $11.99	1,765,688	2.61	10.44	1,765,688	10.44
$12.00 - $18.99	984,765	1.75	13.78	984,765	13.78
$19.00 - $24.99	1,248,748	2.15	22.62	1,248,748	22.62
$25.00 - $29.99	2,011,666	5.19	29.42	437,181	29.42
$30.00 - $37.99	1,574,527	6.02	34.12	77,605	32.11
$38.00 - $46.94	3,418,903	3.72	39.03	1,064,563	38.99
	11,841,680	3.68	$ 26.42	6,415,933	$ 19.24

Unrecognized stock-based compensation expense at December 31, 2010 related to stock-option plans was $11 million, and will be recorded in the consolidated statements of income over the next four years.

All outstanding options, including the performance options, are classified as liabilities and are carried at their fair value as adjusted for vesting.

(b) Restricted share units:

(i) Restricted share unit plan:

The restricted share unit plan enables employees, officers and directors of the Company to participate in the growth and development of the Company. Under the terms of the plan, restricted share units are issued to the participant and the units issued cliff vest over a period not to exceed three years from the grant date.

On the vesting date, the Company shall redeem all of the participants' restricted share units in cash or by issuing one Class B Non-Voting share for each restricted share unit. The Company has reserved 4,000,000 Class B Non-Voting shares for issuance under this plan. During the year ended December 31, 2010, the Company granted 631,655 restricted share units.

(ii) Performance RSUs:

During the year ended December 31, 2010, the Company granted 187,508 performance-based RSUs to certain key executives. The number of units that vest and will be paid three years from the grant date will be within a range of 50% to 150% of the initial number granted based upon the achievement of certain annual and three year non-market targets.

(iii) Summary of RSUs:

At December 31, 2010, a summary of the restricted share unit plans is as follows:

	Number of units
Outstanding, beginning of year	1,060,223
Granted	819,163
Exercised	(45,139)
Forfeited	(217,877)
Outstanding, end of year	1,616,370

At December 31, 2010, 1,616,370 (January 1, 2010 - 1,060,223) restricted share units, including performance RSUs were outstanding. These restricted share units vest at the end of three years from the grant date.

Unrecognized stock-based compensation expense as at December 31, 2010, related to these restricted share units was $22 million and will be recorded in the consolidated statements of income over the next three years.

Restricted share units, including performance RSUs, are measured at fair value, determined using the Black-Scholes model.

(c) Deferred share unit plan:

The deferred share unit plan enables directors and certain key executives of the Company to elect to receive certain types of remuneration in deferred share units, which are classified as a liability on the consolidated statements of financial position (December 31, 2010 - $19 million; January 1, 2010 - $17 million).

Deferred share units are measured at fair value, determined using the Black-Scholes model.

During the year ended December 31, 2010, the Company granted 89,136 deferred share units. At December 31, 2010, 664,169 (January 1, 2010 - 613,777) deferred share units were outstanding. Stock-based compensation expense for the year ended December 31, 2010 related to these deferred share units was

$3 million. There is no unrecognized compensation related to deferred share units, since these awards vest immediately when granted.

(d) Employee share accumulation plan:

The employee share accumulation plan allows employees to voluntarily participate in a share purchase plan. Under the terms of the plan, employees of the Company can contribute a specified percentage of their regular earnings through payroll deductions. The designated administrator of the plan then purchases, on a monthly basis, Class B Non-Voting shares of the Company on the open market on behalf of the employee. At the end of each month, the Company makes a contribution of 25% to 50% of the employee's contribution in the month, which is recorded as compensation expense. The administrator then uses this amount to purchase additional shares of the Company on behalf of the employee, as outlined above.

Compensation expense related to the employee share accumulation plan amounted to $20 million for the year ended December 31, 2010.

(e) Assumptions:

The weighted-average fair value of awards granted during the year ended December 31, 2010 and the principal assumptions used in applying the Black-Scholes and Trinomial option pricing models to determine their fair value were as follows:

	December 31, 2010
Weighted average fair value - stock options	$ 7.86
Weighted average fair value - RSUs	$ 32.10
Risk-free interest rate	2.4%
Dividend yield	3.5%
Volatility of Class B Non-Voting shares	31.9%
Forfeiture rate	4.0%
Weighted average expected life - stock options	5.5 years
Weighted average expected life - RSUs	3.0 years
For Trinomial option pricing model only:	
Weighted average time to vest	2.5 years
Weighted average time to expiry	7.0 years
Employee exit rate	4.0%
Suboptimal exercise factor	2.6
Lattice steps	50

Volatility has been estimated based on the actual trading statistics of the Company's common shares.