ROGERS

Rogers Communications Inc.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Three months ended March 31, 2018 and 2017

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

		Three months ended March 31	
	Note	**2018**	2017 (restated, see note 2)
Revenue	*4*	**3,633**	3,372
Operating expenses:			
Operating costs	*5*	**2,295**	2,198
Depreciation and amortization		**544**	545
Gain on disposition of property, plant and equipment		**(11)**	–
Restructuring, acquisition and other	*6*	**43**	28
Finance costs	*7*	**219**	190
Other income	*8*	**(23)**	(11)
Income before income tax expense		**566**	422
Income tax expense		**141**	112
Net income for the period		**425**	310
Earnings per share:			
Basic	*9*	**$0.83**	$0.60
Diluted	*9*	**$0.80**	$0.60

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

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

	Three months ended March 31	
	2018	2017 (restated, see note 2)
Net income for the period	**425**	310
Other comprehensive (loss) income:		
Items that will not be reclassified to income		
Equity investments measured at fair value through other comprehensive income (FVTOCI):		
(Decrease) increase in fair value	**(301)**	78
Related income tax recovery (expense)	**40**	(9)
Equity investments measured at FVTOCI	**(261)**	69
Items that may subsequently be reclassified to income:		
Cash flow hedging derivative instruments:		
Unrealized gain (loss) in fair value of derivative instruments	**121**	(128)
Reclassification to net income of (gain) loss on debt derivatives	**(263)**	86
Reclassification to net income or property, plant and equipment of loss on expenditure derivatives	**4**	7
Reclassification to net income for accrued interest	**(13)**	(18)
Related income tax recovery	**9**	18
Cash flow hedging derivative instruments	**(142)**	(35)
Share of other comprehensive income (loss) of equity-accounted investments, net of tax	**1**	(8)
Other comprehensive (loss) income for the period	**(402)**	26
Comprehensive income for the period	**23**	336

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

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

	Note	As at March 31 **2018**	As at December 31 2017 (restated, see note 2)	As at January 1 2017 (restated, see note 2)
Assets				
Current assets:				
Accounts receivable		**1,900**	2,035	1,944
Inventories		**356**	435	452
Current portion of contract assets	*4*	**861**	820	723
Other current assets		**435**	414	417
Current portion of derivative instruments	*10*	**442**	421	91
Total current assets		**3,994**	4,125	3,627
Property, plant and equipment		**11,227**	11,143	10,749
Intangible assets		**7,222**	7,244	7,130
Investments	*11*	**2,277**	2,561	2,174
Derivative instruments	*10*	**972**	953	1,708
Contract assets	*4*	**441**	413	354
Other long-term assets		**135**	143	156
Deferred tax assets		**3**	3	8
Goodwill		**3,905**	3,905	3,905
Total assets		**30,176**	30,490	29,811
Liabilities and shareholders' equity				
Current liabilities:				
Bank advances		**49**	6	71
Short-term borrowings	*12*	**747**	1,585	800
Accounts payable and accrued liabilities		**2,516**	2,931	2,783
Income tax payable		**147**	62	186
Other current liabilities		**110**	132	285
Current portion of contract liabilities		**329**	278	302
Current portion of long-term debt	*13*	**2,205**	1,756	750
Current portion of derivative instruments	*10*	**85**	133	22
Total current liabilities		**6,188**	6,883	5,199
Provisions		**36**	35	33
Long-term debt	*13*	**13,432**	12,692	15,330
Derivative instruments	*10*	**136**	147	118
Other long-term liabilities		**599**	613	562
Deferred tax liabilities		**2,517**	2,624	2,285
Total liabilities		**22,908**	22,994	23,527
Shareholders' equity	*14*	**7,268**	7,496	6,284
Total liabilities and shareholders' equity		**30,176**	30,490	29,811
Subsequent events	*13, 14*			
Contingent liabilities	*17*			

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Rogers Communications Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(In millions of Canadian dollars, except number of shares, unaudited)

	Class A Voting Shares		Class B Non-Voting Shares						
Three months ended March 31, 2018	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Retained earnings	FVTOCI investment reserve	Hedging reserve	Equity investment reserve	Total shareholders' equity
Balances, December 31, 2017 (restated, see note 2)	72	112,407	405	402,403	6,074	1,013	(63)	(5)	7,496
Adjustments pertaining to IFRS 9 adoption					(4)				(4)
Balances, January 1, 2018 (restated, see note 2)	72	112,407	405	402,403	6,070	1,013	(63)	(5)	7,492
Net income for the period	–	–	–	–	425	–	–	–	425
Other comprehensive income (loss):									
FVTOCI investments, net of tax	–	–	–	–	–	(261)	–	–	(261)
Derivative instruments accounted for as hedges, net of tax	–	–	–	–	–	–	(142)	–	(142)
Share of equity-accounted investments, net of tax	–	–	–	–	–	–	–	1	1
Total other comprehensive income (loss)	–	–	–	–	–	(261)	(142)	1	(402)
Comprehensive income for the period	–	–	–	–	425	(261)	(142)	1	23
Transactions with shareholders recorded directly in equity:									
Dividends declared	–	–	–	–	(247)	–	–	–	(247)
Shares issued on exercise of stock options	–	–	–	2	–	–	–	–	–
Total transactions with shareholders	–	–	–	2	(247)	–	–	–	(247)
Balances, March 31, 2018	**72**	**112,407**	**405**	**402,405**	**6,248**	**752**	**(205)**	**(4)**	**7,268**

	Class A Voting Shares		Class B Non-Voting Shares						
Three months ended March 31, 2017	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Retained earnings	FVTOCI investment reserve	Hedging reserve	Equity investment reserve	Total shareholders' equity
Balances, January 1, 2017 (restated, see note 2)	72	112,412	405	402,396	5,262	642	(107)	10	6,284
Net income for the period (restated, see note 2)	–	–	–	–	310	–	–	–	310
Other comprehensive income (loss):									
FVTOCI investments, net of tax	–	–	–	–	–	69	–	–	69
Derivative instruments accounted for as hedges, net of tax	–	–	–	–	–	–	(35)	–	(35)
Share of equity-accounted investments, net of tax	–	–	–	–	–	–	–	(8)	(8)
Total other comprehensive income (loss)	–	–	–	–	–	69	(35)	(8)	26
Comprehensive income for the period	–	–	–	–	310	69	(35)	(8)	336
Transactions with shareholders recorded directly in equity:									
Dividends declared	–	–	–	–	(247)	–	–	–	(247)
Shares issued on exercise of stock options	–	–	–	2	–	–	–	–	–
Total transactions with shareholders	–	–	–	2	(247)	–	–	–	(247)
Balances, March 31, 2017 (restated, see note 2)	72	112,412	405	402,398	5,325	711	(142)	2	6,373

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

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

		Three months ended March 31	
	Note	**2018**	2017 (restated, see note 2)
Operating activities:			
Net income for the period		**425**	310
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		**544**	545
Program rights amortization		**14**	20
Finance costs	*7*	**219**	190
Income tax expense		**141**	112
Post-employment benefits contributions, net of expense		**17**	6
Gain on disposition of property, plant and equipment		**(11)**	–
Net change in contract asset balances	*4*	**(69)**	(24)
Other		**(26)**	10
Cash provided by operating activities before changes in non-cash working capital items, income taxes paid, and interest paid		**1,254**	1,169
Change in non-cash operating working capital items	*18*	**(21)**	(175)
Cash provided by operating activities before income taxes paid and interest paid		**1,233**	994
Income taxes paid		**(110)**	(160)
Interest paid		**(238)**	(238)
Cash provided by operating activities		**885**	596
Investing activities:			
Capital expenditures	*18*	**(605)**	(486)
Additions to program rights		**(6)**	(14)
Changes in non-cash working capital related to capital expenditures and intangible assets		**(138)**	(81)
Other		**10**	(26)
Cash used in investing activities		**(739)**	(607)
Financing activities:			
Net (repayment) proceeds received on short-term borrowings	*12*	**(848)**	336
Net issuance (repayment) of long-term debt	*13*	**938**	(53)
Net payments on settlement of debt derivatives and forward contracts	*10*	**(16)**	(3)
Transaction costs incurred		**(16)**	–
Dividends paid		**(247)**	(247)
Cash (used in) provided by financing activities		**(189)**	33
Change in cash and cash equivalents		**(43)**	22
Bank advances, beginning of period		**(6)**	(71)
Bank advances, end of period		**(49)**	(49)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTE 1: NATURE OF THE BUSINESS

Rogers Communications Inc. is a diversified Canadian communications and media company. Substantially all of our operations and sales are in Canada. RCI is incorporated in Canada and its registered office is located at 333 Bloor Street East, Toronto, Ontario, M4W 1G9. RCI's shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

We, us, our, Rogers, Rogers Communications, and *the Company* refer to Rogers Communications Inc. and its subsidiaries. *RCI* refers to the legal entity Rogers Communications Inc., not including its subsidiaries. Rogers also holds interests in various investments and ventures.

Effective January 1, 2018, we report our results of operations in three reportable segments. Each segment and the nature of its business is as follows:

Segment	Principal activities
Wireless	Wireless telecommunications operations for Canadian consumers and businesses.
Cable	Cable telecommunications operations, including Internet, television, and telephony (phone) services for Canadian consumers and businesses, and network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for the enterprise, public sector, and carrier wholesale markets.
Media	A diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping, digital media, and publishing.

During the three months ended March 31, 2018, Wireless and Cable were operated by our wholly-owned subsidiary, Rogers Communications Canada Inc. (RCCI), and certain other wholly-owned subsidiaries. Media was operated by our wholly-owned subsidiary, Rogers Media Inc., and its subsidiaries.

Statement of Compliance

We prepared our interim condensed consolidated financial statements for the three months ended March 31, 2018 (first quarter 2018 interim financial statements) in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) following the same accounting policies and methods of application as those disclosed in our annual audited consolidated financial statements for the year ended December 31, 2017 (2017 financial statements) with the exception of new accounting policies that were adopted on January 1, 2018 as described in note 2. These first quarter 2018 interim financial statements were approved by the Audit and Risk Committee of the Board of Directors on April 19, 2018.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The notes presented in these first quarter 2018 interim financial statements include only significant transactions and changes occurring for the three months since our year-end of December 31, 2017 and do not include all disclosures required by International Financial Reporting Standards (IFRS) as issued by the IASB for annual financial statements. These first quarter 2018 interim financial statements should be read in conjunction with the 2017 financial statements.

Our operating results are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results and thus, one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results. All dollar amounts are in Canadian dollars unless otherwise stated.

Amended Accounting Pronouncements Adopted in 2018

We adopted new amendments to the following accounting standards effective for our interim and annual consolidated financial statements commencing January 1, 2018. These changes did not have a material impact on our financial results.

- IFRS 2, *Share-based payment*
- IFRIC 22, *Foreign currency transactions and advance consideration*

New Accounting Standards
We adopted the following new accounting standards effective January 1, 2018.

IFRS 15 - *Revenue from contracts with customers* (IFRS 15)
Effective January 1, 2018, we adopted IFRS 15. IFRS 15 supersedes previous accounting standards for revenue, including IAS 18, *Revenue* (IAS 18) and IFRIC 13, *Customer loyalty programmes* (IFRIC 13).

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The application of this new standard has significant impacts on our reported Wireless results, specifically with regards to the timing of recognition and classification of revenue, and the treatment of costs incurred in acquiring customer contracts. The timing of recognition and classification of revenue is affected because, at contract inception, IFRS 15 requires the estimation of total consideration over the contract term and the allocation of that consideration to all performance obligations in the contract based on their relative stand-alone selling prices. This affects our Wireless arrangements that bundle equipment and service together into monthly service fees, which results in an increase to equipment revenue recognized at contract inception and a decrease to service revenue recognized over the course of the contracts. The application of IFRS 15 does not affect our cash flows from operations or the methods and underlying economics through which we transact with our customers.

The treatment of costs incurred in acquiring customer contracts is affected as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into operating expenses over time. Previously, such costs were expensed as incurred.

In addition, new assets and liabilities have been recognized on our Consolidated Statements of Financial Position. Specifically, a contract asset and contract liability is recognized to account for any timing differences between the revenue recognized and the amounts billed to the customer.

Significant judgment is needed to determine whether a promise to deliver goods or services is considered distinct and in determining the costs that are incremental to obtaining a contract with a customer.

We have made a policy choice to adopt IFRS 15 with full retrospective application, subject to certain practical expedients. As a result, all comparative information in these financial statements has been prepared as if IFRS 15 had been in effect since January 1, 2017. The accounting policies set out in note 4 have been applied in preparing the condensed consolidated financial statements as at and for the three months ended March 31, 2018, the comparative information presented in these condensed consolidated financial statements as at and for the three months ended March 31, 2017, and for the opening condensed consolidated statement of financial position as at January 1, 2017. In preparing our condensed consolidated statements of financial position as at January 1, 2017 and December 31, 2017, we have adjusted amounts previously reported in financial statements prepared in accordance with previous IFRS on revenue recognition, including IAS 18 and IFRIC 13.

Upon adoption of, and transition to, IFRS 15, we elected to utilize the following practical expedients, allowing us to:

- recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we would have otherwise recognized would have been one year or less;
- not disclose, on an annual basis, the unsatisfied portions of performance obligations related to contracts with a duration of one year or less or where the revenue we recognize is equal to the amount invoiced to the customer; and
- not adjust the total consideration over the contract term for effects of a significant financing component, if we expect that the period between when we would transfer our good or service to the customer and when the customer would pay for the good or service would be one year or less.

Reconciliation of condensed consolidated statements of income for the three months ended March 31, 2017
Below is the effect of transition to IFRS 15 on our condensed consolidated statements of income for the three months ended March 31, 2017, all of which pertain to our Wireless segment.

		Three months ended March 31, 2017		
(In millions of dollars, except per share amounts)	Reference	As previously reported	Adjustments	Restated
Revenue	*i, iii*	3,338	34	3,372
Operating expenses:				
Operating costs	*ii, iii*	2,185	13	2,198
Depreciation and amortization		545	–	545
Restructuring, acquisition and other		28	–	28
Finance costs		190	–	190
Other income		(11)	–	(11)
Income before income tax expense		401	21	422
Income tax expense		107	5	112
Net income for the period		294	16	310
Earnings per share:				
Basic		$0.57	$0.03	$0.60
Diluted		$0.57	$0.03	$0.60

Reconciliation of condensed consolidated statements of financial position as at January 1, 2017 and December 31, 2017
Below is the effect of transition to IFRS 15 on our condensed consolidated statements of financial position as at January 1, 2017 and December 31, 2017.

		As at January 1, 2017			As at December 31, 2017		
(in millions of dollars)	*Reference*	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Assets							
Current assets:							
Accounts receivable		1,949	(5)	1,944	2,041	(6)	2,035
Inventories	*iii*	315	137	452	313	122	435
Current portion of contract assets	*i*	–	723	723	–	820	820
Other current assets	*ii*	215	202	417	197	217	414
Current portion of derivative instruments		91	–	91	421	–	421
Total current assets		2,570	1,057	3,627	2,972	1,153	4,125
Property, plant and equipment		10,749	–	10,749	11,143	–	11,143
Intangible assets		7,130	–	7,130	7,244	–	7,244
Investments		2,174	–	2,174	2,561	–	2,561
Derivative instruments		1,708	–	1,708	953	–	953
Contract assets	*i*	–	354	354	–	413	413
Other long-term assets	*ii*	98	58	156	82	61	143
Deferred tax assets		8	–	8	3	–	3
Goodwill		3,905	–	3,905	3,905	–	3,905
Total assets		28,342	1,469	29,811	28,863	1,627	30,490
Liabilities and shareholders' equity							
Current liabilities:							
Bank advances		71	–	71	6	–	6
Short-term borrowings		800	–	800	1,585	–	1,585
Accounts payable and accrued liabilities		2,783	–	2,783	2,931	–	2,931
Income tax payable		186	–	186	62	–	62
Other current liabilities [1]	*iii*	134	151	285	4	128	132
Current portion of contract liabilities [2]	*i*	367	(65)	302	346	(68)	278
Current portion of long-term debt		750	–	750	1,756	–	1,756
Current portion of derivative instruments		22	–	22	133	–	133
Total current liabilities		5,113	86	5,199	6,823	60	6,883
Provisions		33	–	33	35	–	35
Long-term debt		15,330	–	15,330	12,692	–	12,692
Derivative instruments		118	–	118	147	–	147
Other long-term liabilities		562	–	562	613	–	613
Deferred tax liabilities		1,917	368	2,285	2,206	418	2,624
Total liabilities		23,073	454	23,527	22,516	478	22,994
Shareholders' equity		5,269	1,015	6,284	6,347	1,149	7,496
Total liabilities and shareholders' equity		28,342	1,469	29,811	28,863	1,627	30,490

[1] Previously reported as "current portion of provisions".
[2] Previously reported as "unearned revenue".

The application of IFRS 15 did not affect our cash flow totals from operating, investing, or financing activities.

i) Contract assets and liabilities
Contract assets arise primarily as a result of the difference between revenue recognized on the sale of a wireless device at the onset of a term contract and the cash collected at the point of sale. Revenue recognized at point of sale requires the estimation of total consideration over the contract term and the allocation of that consideration to all performance obligations in the contract based on their relative stand-alone selling prices. For Wireless term contracts, revenue is recognized earlier than previously reported, with a larger allocation to equipment revenue. Prior to the adoption of IFRS 15, the amount allocated to equipment revenue was limited to the non-contingent consideration received at the point of sale when recovery of the remaining consideration in the contract was contingent upon the delivery of future services.

We record a contract liability when we receive payment from a customer in advance of providing goods and services. We account for contract assets and liabilities on a contract-by-contract basis, with each contract being presented as a single net contract asset or net contract liability accordingly.

All contract assets are recorded net of an allowance for expected credit losses, measured in accordance with IFRS 9.

ii) Deferred commission cost assets
Under IFRS 15, we defer incremental commission costs paid to internal and external representatives as a result of obtaining contracts with customers as deferred commission cost assets and amortize them to operating expenses over the pattern of the transfer of goods and services to the customer, which is typically evenly over either 12 or 24 consecutive months.

iii) Inventories and other current liabilities
Under IFRS 15, we determine when the customer obtains control of the distinct good or service. For affected transactions, we have defined our customer as the end subscriber and determined that they obtain control when they receive possession of a wireless device, which typically occurs upon activation. For certain transactions through third-party dealers and other retailers, the timing of when the customer obtains control of a wireless device will be deferred in comparison to our previous policy, where revenue was recognized when the wireless device was delivered and accepted by the independent dealer. This results in a greater inventory balance and a corresponding increase in other current liabilities.

<u>IFRS 9 - *Financial instruments* (IFRS 9)</u>
Effective January 1, 2018, we adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, *Financial Instruments: recognition and measurement* (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. We have adopted IFRS 9 on a retrospective basis; however, our 2017 comparatives were not restated because it was not possible to do so without the use of hindsight.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL). Under IFRS 9, we have irrevocably elected to present subsequent changes in the fair value of our equity investments that are neither held-for-trading nor contingent consideration arising from a business combination in other comprehensive income with no reclassification of net gains and losses to net income. For these equity investments, any impairment on the instrument will be recorded in other comprehensive income, and cumulative gains or losses in other comprehensive income will not be reclassified into net income, including upon disposal.

As a result, our previous "available-for-sale financial asset reserve" will now be referred to as the "FVTOCI investment reserve". This reserve represents the accumulated change in fair value of our equity investments that are measured at FVTOCI less accumulated impairment losses related to the investments and accumulated amounts reclassified into equity.

Under IFRS 9, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition. A portion of our trade receivables required an incremental loss allowance in order to comply with the requirements of IFRS 9; as a result, we recognized a $4 million decrease to accounts receivable and a corresponding decrease to retained earnings within shareholders' equity effective January 1, 2018. In addition, the expected loss allowance using the lifetime credit loss approach is applied to contract assets under IFRS 15. There is no significant effect on the carrying value of our other financial instruments under IFRS 9 related to this new requirement.

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. This is not expected to have an effect on our reported results and will simplify our application of effectiveness tests going forward.

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with a comparison to IAS 39).

Financial instrument	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investments	Available-for-sale (FVTOCI) [1]	FVTOCI with no reclassification to net income
Financial liabilities		
Bank advances	Other financial liabilities (amortized cost)	Amortized cost
Short-term borrowings	Other financial liabilities (amortized cost) [2]	Amortized cost
Accounts payable	Other financial liabilities (amortized cost)	Amortized cost
Accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost) [2]	Amortized cost
Derivatives [3]		
Debt derivatives [4]	Held-for-trading (FVTOCI where subject to hedge accounting and FVTPL)	FVTOCI and FVTPL
Bond forwards	Held-for-trading (FVTOCI under hedge accounting)	FVTOCI
Expenditure derivatives	Held-for-trading (FVTOCI under hedge accounting)	FVTOCI
Equity derivatives	Held-for-trading (FVTPL) [5]	FVTPL

1 Subsequently measured at fair value with changes recognized in other comprehensive income. The net change subsequent to initial recognition, in the case of investments, is reclassified into net income upon disposal of the investment or when the investment becomes impaired.
2 Subsequently measured at amortized cost using the effective interest method.
3 The derivatives can be in an asset or liability position at a point in time historically or in the future. For derivatives designated as cash flow hedges for accounting purposes, the effective portion of the hedge is recognized in accumulated other comprehensive income and the ineffective portion of the hedge is recognized immediately into net income.
4 Debt derivatives related to our senior notes and debentures have been designated as hedges for accounting purposes and will be classified as FVTOCI. Debt derivatives related to our credit facility and commercial paper borrowings have not been designated as hedges for accounting purposes and will be classified as FVTPL.
5 Subsequent changes are offset against stock-based compensation expense or recovery in operating costs.

Recent Accounting Pronouncements Not Yet Adopted

The IASB has issued new standards and amendments to existing standards. These changes are not yet adopted by us and will have an impact on future periods.

- IFRS 16, *Leases* (effective January 1, 2019)

This new standard is described in our 2017 financial statements. We continue to assess the impact of this standard on our consolidated financial statements and we are progressing with the implementation of this standard. As at the date of these interim financial statements, there have been no significant changes to the disclosure related to the implementation of this standard that was included in our 2017 financial statements. We intend to disclose the estimated financial effects of the adoption of IFRS 16 in our 2018 annual audited consolidated financial statements.

NOTE 3: SEGMENTED INFORMATION

Our reportable segments are Wireless, Cable, and Media. All three segments operate substantially in Canada. Corporate items and eliminations include our interests in businesses that are not reportable operating segments, corporate administrative functions, and eliminations of inter-segment revenues and costs. We follow the same accounting policies for our segments as those described in note 2. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. We account for transactions between reportable segments in the same way we account for transactions with external parties, however eliminate them on consolidation.

Effective January 1, 2018, we redefined our reportable segments as a result of technological evolution and the increased overlap between the various product offerings within our legacy Cable and legacy Business Solutions reportable segments, as well as how we allocate resources amongst, and the general management of, our reportable segments. Effective January 1, 2018, the results of our legacy Cable segment, legacy Business Solutions segment, and our Smart Home Monitoring products are presented within a redefined Cable segment. Financial results related to our Smart Home Monitoring products were previously reported within Corporate items and intercompany eliminations. We have retrospectively amended our 2017 comparative segment results to account for this redefinition.

The Chief Executive Officer and Chief Financial Officer of RCI are, collectively, our chief operating decision maker and regularly review our operations and performance by segment. Effective January 1, 2018, they review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. Adjusted EBITDA is defined as income before depreciation and amortization; (gain) loss on disposition of property, plant and equipment; restructuring, acquisition and other; finance costs; other (income) expense; and income tax expense. Previously, our chief operating decision maker reviewed adjusted operating profit as the key measure of profit, however we believe adjusted EBITDA more fully reflects segment and consolidated profitability. The difference between adjusted operating profit and adjusted EBITDA is that adjusted EBITDA includes stock-based compensation expense, which has been allocated to each of our reportable segments.

Information by Segment

Three months ended March 31, 2018 (In millions of dollars)	Note	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue		2,191	969	532	(59)	**3,633**
Operating costs		1,257	536	509	(7)	**2,295**
Adjusted EBITDA		934	433	23	(52)	**1,338**
Depreciation and amortization						**544**
Gain on disposition of property, plant and equipment						**(11)**
Restructuring, acquisition and other	*6*					**43**
Finance costs	*7*					**219**
Other income	*8*					**(23)**
Income before income taxes						**566**

Three months ended March 31, 2017 (In millions of dollars, restated, see note 2)	Note	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue		2,002	960	474	(64)	3,372
Operating costs		1,173	544	504	(23)	2,198
Adjusted EBITDA		829	416	(30)	(41)	1,174
Depreciation and amortization						545
Restructuring, acquisition and other	*6*					28
Finance costs	*7*					190
Other income	*8*					(11)
Income before income taxes						422

NOTE 4: REVENUE

Accounting Policy

Contracts with customers

We record revenue from contracts with customers in accordance with the five steps in IFRS 15 as follows:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price, which is the total consideration provided by the customer;
4. allocate the transaction price among the performance obligations in the contact based on their relative fair values; and
5. recognize revenue when the relevant criteria are met for each unit.

Many of our products and services are sold in bundled arrangements (e.g. wireless handsets, and voice and data services). Items in these arrangements are accounted for as separate performance obligations if the item meets the definition of a distinct good or service. We also determine whether a customer can modify their contract within predefined terms such that we are not able to enforce the transaction price agreed to, but can only contractually enforce a lower amount. In situations such as these, we allocate revenue between performance obligations using the minimum enforceable rights and obligations and any excess amount is recognized as revenue as it is earned.

Revenue for each performance obligation is recognized either over time (e.g. services) or at a point in time (e.g. equipment). For performance obligations satisfied over time, revenue is recognized as the services are provided. These services are typically provided, and thus recognized, on a monthly basis. Revenue for performance obligations satisfied at a point in time is recognized when control of the item (or service) transfers to the customer. Typically, this is when the customer activates the goods (e.g. in the case of a wireless handset) or has physical possession of the goods (e.g. other equipment). Below, we have outlined the nature of the various performance obligations in our contracts with customers and when we recognize performance on those obligations.

Performance obligations from contracts with customers	Timing of satisfaction of the performance obligation
Wireless airtime and data services, cable, telephony, and Internet services, network services, media subscriptions, and rental of equipment	As the service is provided (usually monthly)
Roaming, long-distance, and other optional or non-subscription services, pay-per-use services, and other sales of products	As the service is provided or product is delivered
Wireless devices and related equipment	Upon activation or purchase by the end customer
Installation services for Cable subscribers	When the services are performed
Advertising	When the advertising airs on our radio or television stations, is featured in our publications, or displayed on our digital properties
Subscriptions by television stations for subscriptions from cable and satellite providers	When the services are delivered to cable and satellite providers' subscribers (usually monthly)
Toronto Blue Jays' home game admission and concessions	When the related games are played during the baseball season and when goods are sold
Toronto Blue Jays, radio, and television broadcast agreements	When the related games are aired
Sublicensing of program rights	Over the course of the applicable licence period

We also recognize interest revenue on credit card receivables using the effective interest method in accordance with IFRS 9.

Contract assets and liabilities
We record a contract asset when we have provided goods and services to our customer but our right to related consideration for the performance obligation is conditional on satisfying other performance obligations. Contract assets primarily relate to our rights to consideration for the transfer of wireless handsets.

We record a contract liability when we receive payment from a customer in advance of providing goods and services. This includes subscriber deposits, cable installation fees, deposits related to Toronto Blue Jays ticket sales, and amounts subscribers pay for services and subscriptions that will be provided in future periods.

We account for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

Deferred commission cost assets
We defer the incremental costs we incur to obtain or fulfill a contract with a customer over their expected period of benefit to the extent they are recoverable. These costs include certain commissions paid to internal and external representatives. We therefore defer them as deferred commission cost assets in other assets and amortize them to operating costs over the pattern of the transfer of goods and services to the customer, which is typically evenly over either 12 or 24 consecutive months.

Use of Estimates and Judgments
Estimates
We use estimates in the following key areas:
- determining the transaction price of our contracts requires estimating the amount of revenue we expect to be entitled to for delivering the performance obligations within a contract; and
- determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations.

Determining the transaction price
The transaction price is the amount of consideration that is enforceable and to which we expect to be entitled in exchange for the goods and services we have promised to our customer. We determine the transaction price by considering the terms of the contract and business practices that are customary within that particular line of business. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

Determining the stand-alone selling price and the allocation of the transaction price
The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which Rogers is entitled. Any amounts above the minimum enforceable amounts are recognized as revenue as they are earned.

Judgments
We make significant judgments in determining whether a promise to deliver goods or services is considered distinct and in determining the costs that are incremental to obtaining a contract with a customer.

Distinct goods and services
We make judgments in determining whether a promise to deliver goods or services is considered distinct. We account for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. For items that are not sold separately (e.g. third-party gift cards), we estimate stand-alone selling prices using the adjusted market assessment approach.

Determining costs to obtain or fulfill a contract
Determining the costs we incur to obtain or fulfill a contract that meet the deferral criteria within IFRS 15 requires us to make significant judgments. We expect incremental commission fees paid to internal and external representatives as a result of obtaining contracts with customers to be recoverable.

Contract Assets
Below is a summary of the current and long-term portions of contract assets from contracts with customers as well as significant changes in those balances during the period.

	Three months ended March 31	
(in millions of dollars)	**2018**	2017
Balance, beginning of period	**1,233**	1,077
Additions from new contracts with customers, net of terminations and renewals	**353**	272
Amortization of contract assets to accounts receivable	**(284)**	(248)
Balance, end of period	**1,302**	1,101

Deferred Commission Cost Assets
Below is a summary of the changes in the deferred commission cost assets recognized from the incremental costs incurred to obtain contracts with customers during the three months ended March 31, 2018 and 2017. We believe these amounts to be recoverable through the revenue earned from the related contracts. The deferred commission cost assets are presented within other current assets (when they will be amortized into net income within twelve months of the date of the financial statements) or other long-term assets.

	Three months ended March 31	
(In millions of dollars)	**2018**	2017
Additions to deferred commission cost assets	**74**	72
Amortization recognized on deferred commission cost assets	**(77)**	(72)

Disaggregation of Revenue

	Three months ended March 31	
	2018	2017
(In millions of dollars)		(restated, see note 2)
Wireless:		
Service revenue	**1,687**	1,604
Equipment revenue	**504**	398
Total Wireless	**2,191**	2,002
Cable:		
Internet	**506**	474
Television	**365**	375
Phone	**96**	106
Service revenue	**967**	955
Equipment revenue	**2**	5
Total Cable	**969**	960
Total Media	**532**	474
Corporate items and intercompany eliminations	**(59)**	(64)
Total revenue	**3,633**	3,372

NOTE 5: OPERATING COSTS

	Three months ended March 31	
	2018	2017
(In millions of dollars)		(restated, see note 2)
Cost of equipment sales	**566**	451
Merchandise for resale	**57**	59
Other external purchases	**1,179**	1,203
Employee salaries, benefits, and stock-based compensation	**493**	485
Total operating costs	**2,295**	2,198

NOTE 6: RESTRUCTURING, ACQUISITION AND OTHER

During the three months ended March 31, 2018, we incurred $43 million (2017 - $28 million) in restructuring, acquisition and other expenses. In both 2018 and 2017, these expenses primarily consisted of severance costs associated with the targeted restructuring of our employee base.

NOTE 7: FINANCE COSTS

		Three months ended March 31	
(In millions of dollars)	Note	**2018**	2017
Interest on borrowings [1]		**187**	186
Interest on post-employment benefits liability		**2**	3
Loss on repayment of long-term debt	*13*	**28**	–
Loss (gain) on foreign exchange		**8**	(8)
Change in fair value of derivative instruments		**(5)**	8
Capitalized interest		**(5)**	(4)
Other		**4**	5
Total finance costs		**219**	190

[1] Interest on borrowings includes interest on short-term borrowings and on long-term debt.

NOTE 8: OTHER INCOME

	Three months ended March 31	
(In millions of dollars)	**2018**	2017
Income from associates and joint ventures	**(14)**	(18)
Other investment (income) losses	**(9)**	7
Total other income	**(23)**	(11)

NOTE 9: EARNINGS PER SHARE

	Three months ended March 31	
	2018	2017
(In millions of dollars, except per share amounts)		(restated, see note 2)
Numerator (basic) - Net income for the period	**425**	310
Denominator - Number of shares (in millions):		
Weighted average number of shares outstanding - basic	**515**	515
Effect of dilutive securities (in millions):		
Employee stock options and restricted share units	**1**	2
Weighted average number of shares outstanding - diluted	**516**	517
Earnings per share		
Basic	**$0.83**	$0.60
Diluted	**$0.80**	$0.60

For the three months ended March 31, 2018, accounting for outstanding share-based payments using the equity-settled method for stock-based compensation was determined to be more dilutive than using the cash-settled method. As a result, net income for the three months ended March 31, 2018 was reduced by $13 million in the diluted earnings per share calculation. There was no such impact for the three months ended March 31, 2017.

A total of 489,835 options were out of the money for the three months ended March 31, 2018 (2017 - 503,905). These options were excluded from the calculation of the effect of dilutive securities because they were anti-dilutive.

NOTE 10: FINANCIAL INSTRUMENTS

Derivative Instruments

We use derivative instruments to manage financial risks related to our business activities. These include debt derivatives, bond forwards, expenditure derivatives, and equity derivatives. We only use derivatives to manage risk and not for speculative purposes.

All of our currently outstanding debt derivatives related to our senior notes and debentures, bond forwards, and expenditure derivatives have been designated as hedges for accounting purposes.

Debt derivatives

We use cross-currency interest exchange agreements (debt derivatives) to manage risks from fluctuations in foreign exchange rates associated with our US dollar-denominated senior notes and debentures, credit facility borrowings, and US dollar-denominated commercial paper (US CP) borrowings (see note 12). We designate the debt derivatives related to our senior notes and debentures as hedges for accounting purposes against the foreign exchange risk associated with specific debt instruments. Debt derivatives related to our credit facility and US CP borrowings have not been designated as hedges for accounting purposes.

Below is a summary of the debt derivatives we entered into and settled related to our credit facility borrowings and US CP program during the three months ended March 31, 2018 and 2017.

	Three months ended March 31, 2018		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)
Commercial paper program			
Debt derivatives entered	**2,220**	**1.26**	**2,794**
Debt derivatives settled	**2,890**	**1.26**	**3,653**
Net cash paid			**(16)**

	Three months ended March 31, 2017		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)
Credit facilities			
Debt derivatives entered	875	1.33	1,165
Debt derivatives settled	825	1.32	1,092
Net cash paid			(3)
Commercial paper program			
Debt derivatives entered	200	1.33	266

As at March 31, 2018, we had nil and US$75 million notional amount of debt derivatives outstanding relating to our credit facility borrowings and commercial paper program (December 31, 2017 - nil and US$746 million), respectively.

As at March 31, 2018, we had US$7.5 billion (December 31, 2017 - US$6.7 billion) in US dollar-denominated senior notes and debentures, of which all of the associated foreign exchange risk had been hedged using debt derivatives.

Concurrent with the issuance of our US$750 million senior notes this quarter, we entered into debt derivatives to convert all interest and principal payment obligations to Canadian dollars. As a result, we received net proceeds of $938 million from the issuance.

Bond forwards

We use bond forward derivatives (bond forwards) to hedge interest rate risk on the senior notes we expect to issue in the future. We did not enter into any new bond forwards or settle any existing bond forwards during the three months ended March 31, 2018 or 2017. As at March 31, 2018, we had $900 million (December 31, 2017 - $900 million) notional amount of bond forwards outstanding, all of which were designated as hedges for accounting purposes.

Expenditure derivatives

We use foreign currency forward contracts (expenditure derivatives) to manage the foreign exchange risk in our operations, designating them as hedges for accounting purposes for certain of our forecasted operational and capital expenditures.

Below is a summary of the expenditure derivatives we entered into and settled during the three months ended March 31, 2018 and 2017.

	Three months ended March 31, 2018		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)
Expenditure derivatives entered	**600**	**1.23**	**740**
Expenditure derivatives settled	**210**	**1.30**	**273**

	Three months ended March 31, 2017		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)
Expenditure derivatives entered	120	1.29	155
Expenditure derivatives settled	225	1.33	300

As at March 31, 2018, we had US$1,590 million of expenditure derivatives outstanding (December 31, 2017 - US$1,200 million) with terms to maturity ranging from April 2018 to December 2020 (December 31, 2017 - January 2018 to December 2019), at an average rate of $1.26/US$ (December 31, 2017 - $1.28/US$).

Equity derivatives

We use total return swaps (equity derivatives) to hedge the market price appreciation risk of the RCI Class B Non-Voting common shares (Class B Non-Voting Shares) granted under our stock-based compensation programs. The equity derivatives have not been designated as hedges for accounting purposes.

As at March 31, 2018, we had equity derivatives outstanding for 5.4 million (December 31, 2017 - 5.4 million) Class B Non-Voting Shares with a weighted average price of $51.44 (December 31, 2017 - $51.44).

We have executed extension agreements for our equity derivative contracts under substantially the same terms and conditions with revised expiry dates to April 2019 (from April 2018).

Fair Values of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, bank advances, short-term borrowings, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

We determine the fair value of each of our publicly traded investments using quoted market values. We determine the fair value of our private investments by using implied valuations from follow-on financing rounds, third-party sale negotiations, or using market-based approaches. These are applied appropriately to each investment depending on its future operating and profitability prospects.

The fair values of each of our public debt instruments are based on the period-end estimated market yields, or period-end trading values, where available. We determine the fair values of our debt derivatives and expenditure derivatives using an estimated credit-adjusted mark-to-market valuation by discounting cash flows to the measurement date. In the case of debt derivatives and expenditure derivatives in an asset position, the credit spread for the financial institution counterparty is added to the risk-free discount rate to determine the estimated credit-adjusted value for each derivative. For those debt derivatives and expenditure derivatives in a liability position, our credit spread is added to the risk-free discount rate for each derivative.

The fair value of each of our bond forwards is determined by discounting to the measurement date the cash flows that result from multiplying the bond forward's notional amount by the difference between the period-end market forward yields and the forward yield in each bond forward.

The fair values of our equity derivatives are based on the quoted market value of Class B Non-Voting Shares.

Our disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

- financial assets and financial liabilities in Level 1 are valued by referring to quoted prices in active markets for identical assets and liabilities;
- financial assets and financial liabilities in Level 2 are valued using inputs based on observable market data, either directly or indirectly, other than the quoted prices; and
- Level 3 valuations are based on inputs that are not based on observable market data.

There were no material financial instruments categorized in Level 3 as at March 31, 2018 and December 31, 2017 and there were no transfers between Level 1, Level 2, or Level 3 during the three months ended March 31, 2018 or 2017.

Below is a summary of our financial instruments carried at fair value as at March 31, 2018 and December 31, 2017.

	Carrying value		Fair value (Level 1)		Fair value (Level 2)	
	As at Mar. 31	As at Dec. 31	As at Mar. 31	As at Dec. 31	As at Mar. 31	As at Dec. 31
(In millions of dollars)	**2018**	2017	**2018**	2017	**2018**	2017
Financial assets						
Investments, measured at fair value:						
Investments in publicly traded companies	**1,163**	1,465	**1,163**	1,465	**–**	–
Derivatives:						
Debt derivatives accounted for as cash flow hedges	**1,339**	1,301	**–**	–	**1,339**	1,301
Expenditure derivatives accounted for as cash flow hedges	**42**	5	**–**	–	**42**	5
Equity derivatives not accounted for as cash flow hedges	**33**	68	**–**	–	**33**	68
Total financial assets	**2,577**	2,839	**1,163**	1,465	**1,414**	1,374
Financial liabilities						
Derivatives:						
Debt derivatives accounted for as cash flow hedges	**138**	149	**–**	–	**138**	149
Debt derivatives not accounted for as hedges	**1**	23	**–**	–	**1**	23
Bond forwards accounted for as cash flow hedges	**70**	64	**–**	–	**70**	64
Expenditure derivatives accounted for as cash flow hedges	**12**	44	**–**	–	**12**	44
Total financial liabilities	**221**	280	**–**	–	**221**	280

Below is a summary of the fair value of our long-term debt as at March 31, 2018 and December 31, 2017.

	As at March 31, 2018		As at December 31, 2017	
(In millions of dollars)	Carrying amount	Fair value [1]	Carrying amount	Fair value [1]
Long-term debt (including current portion)	**15,637**	**17,031**	14,448	16,134

[1] Long-term debt (including current portion) is measured at Level 2 in the three-level fair value hierarchy.

NOTE 11: INVESTMENTS

	As at March 31	As at December 31
(In millions of dollars)	**2018**	2017
Investments in:		
Publicly traded companies	**1,163**	1,465
Private companies	**168**	167
Investments, measured at FVTOCI	**1,331**	1,632
Investments, associates and joint ventures	**946**	929
Total investments	**2,277**	2,561

NOTE 12: SHORT-TERM BORROWINGS

Below is a summary of our short-term borrowings as at March 31, 2018 and December 31, 2017.

(In millions of dollars)	As at March 31 **2018**	As at December 31 2017
Accounts receivable securitization program	**650**	650
US commercial paper program	**97**	935
Total short-term borrowings	**747**	1,585

Below is a summary of the activity relating to our short-term borrowings for the three months ended March 31, 2018 and 2017.

	Three months ended March 31, 2018			Three months ended March 31, 2017		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)	Notional (US$)	Exchange rate	Notional (Cdn$)
Proceeds received from US commercial paper	**2,220**	**1.26**	**2,794**	200	1.33	266
Repayment of US commercial paper	**(2,894)**	**1.26**	**(3,642)**	–	–	–
Net (repayment of) proceeds received from US commercial paper	**(674)**	**1.26**	**(848)**	200	1.33	266
Proceeds received from accounts receivable securitization			**–**			250
Repayment of accounts receivable securitization			**–**			(180)
Net proceeds received from accounts receivable securitization			**–**			70
Net (repayment of) proceeds received on short-term borrowings			**(848)**			336

Accounts Receivable Securitization Program

Below is a summary of our accounts receivable securitization program as at March 31, 2018 and December 31, 2017.

(In millions of dollars)	As at March 31 **2018**	As at December 31 2017
Trade accounts receivable sold to buyer as security	**1,294**	1,355
Short-term borrowings from buyer	**(650)**	(650)
Overcollateralization	**644**	705

Below is a summary of the activity related to our accounts receivable securitization program for the three months ended March 31, 2018 and 2017.

	Three months ended March 31	
(In millions of dollars)	**2018**	2017
Accounts receivable securitization program, beginning of period	**650**	800
Net proceeds received from accounts receivable securitization	**–**	70
Accounts receivable securitization program, end of period	**650**	870

US Commercial Paper Program

Below is a summary of the activity relating to our US CP program for the three months ended March 31, 2018 and 2017.

	Three months ended March 31, 2018			Three months ended March 31, 2017		
(In millions of dollars, except exchange rates)	Notional (US$)	Exchange rate	Notional (Cdn$)	Notional (US$)	Exchange rate	Notional (Cdn$)
US commercial paper program, beginning of period	**746**	**1.25**	**935**	–	–	–
Net (repayment of) proceeds received from US commercial paper	**(674)**	**1.26**	**(848)**	200	1.33	266
Discounts on issuance [1]	**3**	**1.33**	**4**	–	–	–
Loss on foreign exchange [1]			**6**			–
US commercial paper program, end of period	**75**	**1.29**	**97**	200	1.33	266

[1] Included in finance costs.

Concurrent with the commercial paper issuances, we entered into debt derivatives to hedge the foreign currency risk associated with the principal and interest components of the borrowings under the US CP program (see note 10). We have not designated these debt derivatives as hedges for accounting purposes.

NOTE 13: LONG-TERM DEBT

(In millions of dollars, except interest rates)	Due date		Principal amount	Interest rate	As at March 31 2018	As at December 31 2017
Senior notes	2018	US	1,400	6.800%	**1,805**	1,756
Senior notes	2019		400	2.800%	**400**	400
Senior notes	2019		500	5.380%	**500**	500
Senior notes	2020		900	4.700%	**900**	900
Senior notes	2021		1,450	5.340%	**1,450**	1,450
Senior notes	2022		600	4.000%	**600**	600
Senior notes	2023	US	500	3.000%	**645**	627
Senior notes	2023	US	850	4.100%	**1,096**	1,066
Senior notes	2024		600	4.000%	**600**	600
Senior notes	2025	US	700	3.625%	**903**	878
Senior notes	2026	US	500	2.900%	**645**	627
Senior debentures [1]	2032	US	200	8.750%	**258**	251
Senior notes	2038	US	350	7.500%	**451**	439
Senior notes	2039		500	6.680%	**500**	500
Senior notes	2040		800	6.110%	**800**	800
Senior notes	2041		400	6.560%	**400**	400
Senior notes	2043	US	500	4.500%	**645**	627
Senior notes	2043	US	650	5.450%	**838**	816
Senior notes	2044	US	1,050	5.000%	**1,354**	1,318
Senior notes	2048	US	750	4.300%	**967**	–
					15,757	14,555
Deferred transaction costs and discounts					**(120)**	(107)
Less current portion					**(2,205)**	(1,756)
Total long-term debt					**13,432**	12,692

[1] Senior debentures originally issued by Rogers Cable Inc. which are unsecured obligations of RCI and for which RCCI was an unsecured guarantor as at March 31, 2018 and December 31, 2017.

The tables below summarize the activity relating to our long-term debt for the three months ended March 31, 2018 and 2017.

(In millions of dollars, except exchange rates)	Three months ended March 31, 2018 Notional (US$)	Exchange rate	Notional (Cdn$)	Three months ended March 31, 2017 Notional (US$)	Exchange rate	Notional (Cdn$)
Credit facility borrowings (Cdn$)			–			700
Credit facility borrowings (US$)	–	–	–	425	1.34	571
Total credit facility borrowings			–			1,271
Credit facility repayments (Cdn$)			–			(575)
Credit facility repayments (US$)	–	–	–	(375)	1.33	(499)
Total credit facility repayments			–			(1,074)
Net borrowings under credit facilities			–			197
Senior note issuances (US$)	**750**	**1.25**	**938**	–	–	–
Total issuances of senior notes			**938**			–
Total senior notes repayments			–			(250)
Net issuance (repayment) of senior notes			**938**			(250)
Net issuance (repayment) of long-term debt			**938**			(53)

(In millions of dollars)	Three months ended March 31 2018	2017
Long-term debt net of transaction costs, beginning of period	**14,448**	16,080
Net issuance (repayment) of long-term debt	**938**	(53)
Loss (gain) on foreign exchange	**263**	(93)
Deferred transaction costs incurred	**(16)**	(3)
Amortization of deferred transaction costs	**4**	3
Long-term debt net of transaction costs, end of period	**15,637**	15,934

As at March 31, 2018, we had nil outstanding under our revolving and non-revolving credit facilities (December 31, 2017 - nil).

Senior Notes

Issuance of senior notes

On February 8, 2018, we issued US$750 million senior notes due 2048 at a rate of 4.3%. At the same time, we entered into debt derivatives to convert all interest and principal payment obligations to Canadian dollars. As a result, we received net proceeds of $938 million from the issuance.

Repayment of senior notes and related derivative settlements

We did not repay any senior notes or settle any related debt derivatives during the three months ended March 31, 2018.

Below is a summary of the repayment of our senior notes for the three months ended March 31, 2017.

(In millions of dollars) Maturity date	Three months ended March 31, 2017 Notional amount (US$)	Notional amount (Cdn$)
March 2017	–	250

There were no debt derivatives associated with these Canadian dollar-denominated senior notes.

In March 2018, we announced our intention to repay, in April 2018, our US$1.4 billion senior notes that were otherwise due in August 2018. In connection with the announcement, for the three months ended March 31, 2018, we recognized a $28 million loss on repayment of long-term debt reflecting our obligation to pay redemption premiums upon repayment. The loss is recorded in finance costs. On April 13, 2018, in connection with our announcement in March 2018, we repaid the entire outstanding principal amount of our US$1.4 billion 6.8% senior notes due in August 2018. At the same time, we terminated the associated debt derivatives. As a result, we repaid a net amount of $1.5 billion, which was separately funded through our US CP program and our bank credit facility.

NOTE 14: SHAREHOLDERS' EQUITY

Dividends

Below is a summary of the dividends we declared and paid on our outstanding RCI Class A Voting common shares (Class A Shares) and Class B Non-Voting Shares in 2018 and 2017.

Date declared	Date paid	Dividend per share (dollars)
January 24, 2018	April 3, 2018	0.48
		0.48
January 26, 2017	April 3, 2017	0.48
April 18, 2017	July 4, 2017	0.48
August 17, 2017	October 3, 2017	0.48
October 19, 2017	January 2, 2018	0.48
		1.92

On April 19, 2018, the Board of Directors declared a dividend of $0.48 per Class A Share and Class B Non-Voting Share to be paid on July 3, 2018 to shareholders of record on June 11, 2018.

The holders of Class A Shares are entitled to receive dividends at the rate of up to five cents per share but only after dividends at the rate of five cents per share have been paid or set aside on the Class B Non-Voting Shares. Class A Shares and Class B Non-Voting Shares therefore participate equally in dividends above five cents per share.

Normal Course Issuer Bid

In April 2018, we announced that the TSX has accepted a notice of our intention to commence a normal course issuer bid (NCIB) that will allow us to purchase, during the twelve-month period beginning April 24, 2018 and ending April 23, 2019, the lesser of 35.8 million 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 $500 million.

NOTE 15: STOCK-BASED COMPENSATION

Below is a summary of our stock-based compensation expense, which is included in employee salaries, benefits, and stock-based compensation, for the three months ended March 31, 2018 and 2017.

	Three months ended March 31	
(In millions of dollars)	**2018**	2017
Stock options	**(8)**	17
Restricted share units	**2**	16
Deferred share units	**(6)**	20
Equity derivative effect, net of interest receipt	**33**	(40)
Total stock-based compensation expense	**21**	13

As at March 31, 2018, we had a total liability recognized at its fair value of $173 million (December 31, 2017 - $223 million) related to stock-based compensation, including stock options, restricted share units (RSUs), and deferred share units (DSUs).

During the three months ended March 31, 2018, we paid $39 million (2017 - $63 million) to holders of stock options, RSUs, and DSUs upon exercise using the cash settlement feature.

Stock Options

Summary of stock options

The tables below summarize the activity related to stock option plans, including performance options for the three months ended March 31, 2018 and 2017.

	Three months ended March 31, 2018	
(in number of units, except prices)	Number of options	Weighted average exercise price
Outstanding, beginning of period	**2,637,890**	**$49.42**
Granted	**812,985**	**$58.45**
Exercised	**(78,740)**	**$34.65**
Forfeited	**–**	**$0.00**
Outstanding, end of period	**3,372,135**	**$51.94**
Exercisable, end of period	**1,514,210**	**$45.11**

	Three months ended March 31, 2017	
(in number of units, except prices)	Number of options	Weighted average exercise price
Outstanding, beginning of period	3,732,524	$43.70
Granted	503,905	$56.70
Exercised	(660,148)	$42.48
Forfeited	(97,642)	$49.95
Outstanding, end of period	3,478,639	$45.75
Exercisable, end of period	1,771,215	$41.87

Included in the above table are grants of 439,435 performance options to certain key executives during the three months ended March 31, 2018 (2017 - nil).

Unrecognized stock-based compensation expense related to stock option plans was $8 million as at March 31, 2018 (December 31, 2017 - $6 million) and will be recognized in net income over the next four years as the options vest.

Restricted Share Units

Summary of RSUs

Below is a summary of the activity related to RSUs outstanding, including performance RSUs for the three months ended March 31, 2018 and 2017.

	Three months ended March 31	
(in number of units)	**2018**	2017
Outstanding, beginning of period	**1,811,845**	2,237,085
Granted and reinvested dividends	**947,084**	547,562
Exercised	**(438,401)**	(870,532)
Forfeited	**(38,713)**	(99,580)
Outstanding, end of period	**2,281,815**	1,814,535

Included in the above table are grants of 234,064 performance RSUs to certain key executives during the three months ended March 31, 2018 (2017 - 63,542).

Unrecognized stock-based compensation expense related to these RSUs was $66 million as at March 31, 2018 (December 31, 2017 - $41 million) and will be recognized in net income over the next three years as the RSUs vest.

Deferred Share Unit Plan

Summary of DSUs

Below is a summary of the activity related to DSUs outstanding, including performance DSUs for the three months ended March 31, 2018 and 2017.

	Three months ended March 31	
(in number of units)	**2018**	2017
Outstanding, beginning of period	**2,327,647**	2,396,458
Granted and reinvested dividends	**65,429**	647,257
Exercised	**(192,464)**	(87,505)
Forfeited	**(28,821)**	(94,337)
Outstanding, end of period	**2,171,791**	2,861,873

Included in the above table are grants of 28,524 performance DSUs to certain key executives during the three months ended March 31, 2018 (2017 - 176,275).

Unrecognized stock-based compensation expense related to these DSUs as at March 31, 2018 was $15 million (December 31, 2017 - $22 million) and will be recognized in net income over the next three years as the executive DSUs vest. All other DSUs are fully vested.

NOTE 16: RELATED PARTY TRANSACTIONS

Controlling Shareholder

We enter into certain transactions with private companies controlled by the controlling shareholder of RCI, the Rogers Control Trust. These transactions were recognized at the amount agreed to by the related parties and are subject to the terms and conditions of formal agreements approved by the Audit and Risk Committee. The totals received or paid during the three months ended March 31, 2018 and 2017 were less than $1 million, respectively.

Transactions with Key Management Personnel

We have entered into business transactions with companies whose partners or senior officers are Directors of RCI. These Directors are:

- the non-executive chairman of a law firm that provides a portion of our legal services; and
- the chair of the board of a company that provides printing services to the Company.

We recognize these transactions at the amounts agreed to by the related parties, which are also reviewed by the Audit and Risk Committee. The amounts owing for these services are unsecured, interest-free, and due for payment in cash within one month of the date of the transaction. Below is a summary of the related party activity for the business transactions described above.

	Three months ended March 31	
(In millions of dollars)	**2018**	2017
Printing and legal services	**4**	7

NOTE 17: CONTINGENT LIABILITIES

System Access Fee - Saskatchewan

In 2004, a class action was commenced against providers of wireless communications in Canada under the Class Actions Act (Saskatchewan). The class action relates to the system access fee wireless carriers charge to some of their customers. The plaintiffs are seeking unspecified damages and punitive damages, which would effectively be a reimbursement of all system access fees collected.

In 2007, the Saskatchewan Court granted the plaintiffs' application to have the proceeding certified as a national, "opt-in" class action where affected customers outside Saskatchewan must take specific steps to participate in the proceeding. In 2008, our motion to stay the proceeding based on the arbitration clause in our wireless service agreements was granted. The Saskatchewan Court directed that its order, in respect of the certification of the action, would exclude customers who are bound by an arbitration clause from the class of plaintiffs.

In 2009, counsel for the plaintiffs began a second proceeding under the Class Actions Act (Saskatchewan) asserting the same claims as the original proceeding. If successful, this second class action would be an "opt-out" class proceeding. This second proceeding was ordered conditionally stayed in 2009 on the basis that it was an abuse of process.

At the time the Saskatchewan class action was commenced in 2004, corresponding claims were filed in multiple jurisdictions across Canada, although the plaintiffs took no active steps. The appeal courts in several provinces dismissed the corresponding claims as an abuse of process. The claims in all provinces other than Saskatchewan have now been dismissed or discontinued. We have not recognized a liability for this contingency.

911 Fee
In June 2008, a class action was launched in Saskatchewan against providers of wireless communications services in Canada. It involves allegations of breach of contract, misrepresentation, and false advertising, among other things, in relation to the 911 fee that had been charged by us and the other wireless telecommunication providers in Canada. The plaintiffs are seeking unspecified damages and restitution. The plaintiffs intend to seek an order certifying the proceeding as a national class action in Saskatchewan. We have not recognized a liability for this contingency.

Cellular Devices
In July 2013, a class action was launched in British Columbia against providers of wireless communications in Canada and manufacturers of wireless devices. The class action relates to the alleged adverse health effects incurred by long-term users of cellular devices. The plaintiffs are seeking unspecified damages and punitive damages, effectively equal to the reimbursement of the portion of revenue the defendants have received that can reasonably be attributed to the sale of cellular phones in Canada. We have not recognized a liability for this contingency.

Income Taxes
We provide for income taxes based on all of the information that is currently available and believe that we have adequately provided these items. The calculation of applicable taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities and provisions, and could, in certain circumstances, result in the assessment of interest and penalties.

Outcome of Proceedings
The outcome of all the proceedings and claims against us, including the matters described above, is subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on our business, financial results, or financial condition. If it becomes probable that we will be held liable for claims against us, we will recognize a provision during the period in which the change in probability occurs, which could be material to our Consolidated Statements of Income or Consolidated Statements of Financial Position.

NOTE 18: SUPPLEMENTAL CASH FLOW INFORMATION

Change in Non-Cash Operating Working Capital Items

	Three months ended March 31	
(In millions of dollars)	**2018**	2017 (restated, see note 2)
Accounts receivable	**155**	202
Inventories	**79**	19
Other current assets	**(22)**	(110)
Accounts payable and accrued liabilities	**(261)**	(365)
Contract and other liabilities	**28**	79
Total change in non-cash operating working capital items	**(21)**	(175)

Capital Expenditures

(In millions of dollars)	Three months ended March 31 **2018**	2017
Capital expenditures before proceeds on disposition	**620**	486
Proceeds on disposition	**(15)**	–
Capital expenditures	**605**	486