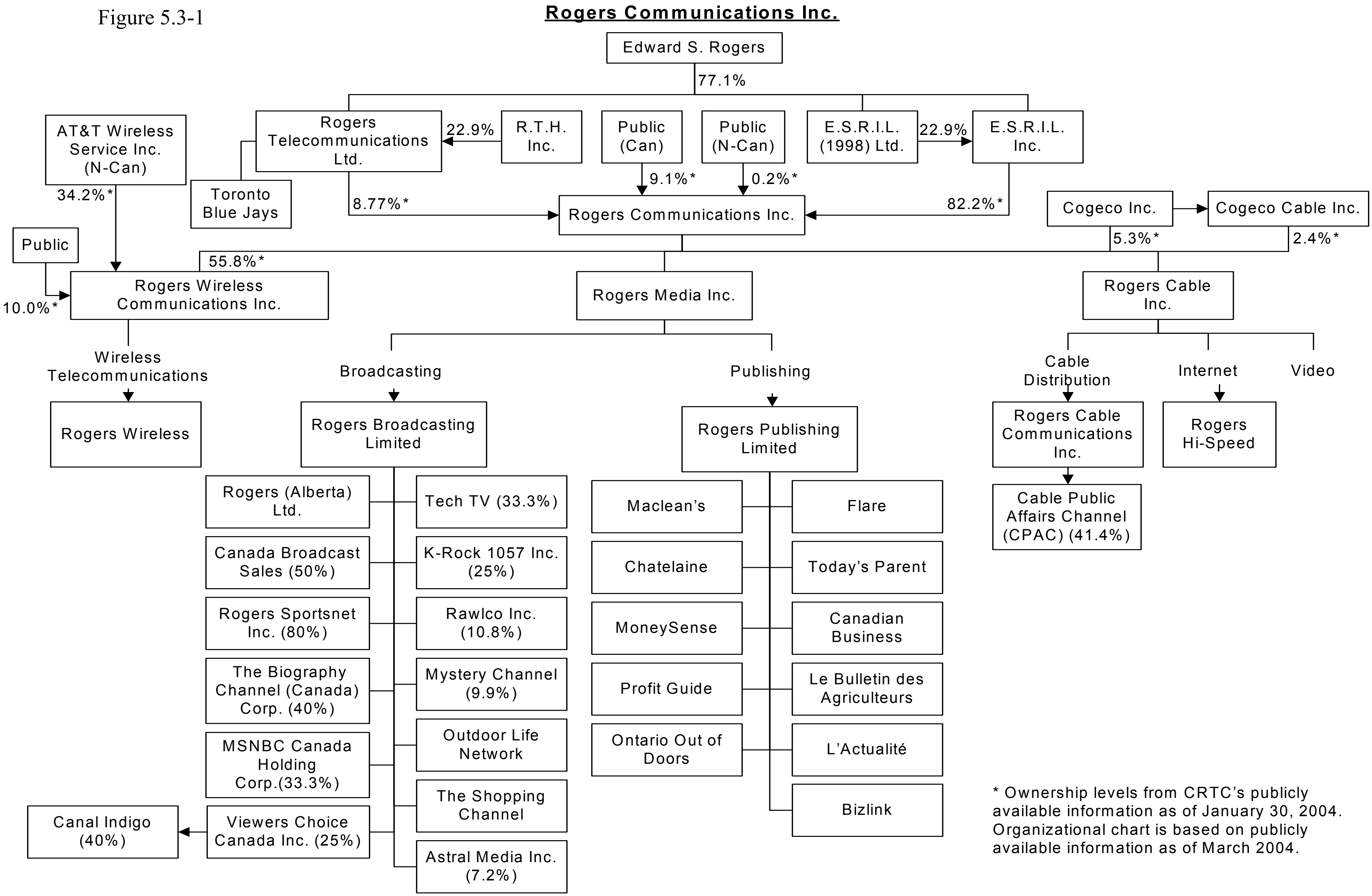
5.3 Rogers Communications Inc.

Rogers Communications Inc. owns Rogers Wireless, Rogers Cable Inc. and Rogers Media Inc. For the year ending December 31, 2003, assets remained relatively unchanged at $8.5 billion, while operating revenues increased 12 percent to $4.8 billion. Net income for the period was $129 million, 59 percent less than the previous year's figures partly due to a one-time gain from the sale of AT&T Canada (Allstream) in 2002. Capital expenditures also declined year-over-year. In 2003, Rogers spent $964 million on additions to property, plant and equipment, a 24 percent decline from 2002's $1.3 billion expenditure.

The following paragraphs group Rogers' recent corporate activities as they relate to some broadly defined lines of business. The organization chart can also be used to put these activities into a wider corporate overview (Figure 5.3-1).

Figure 5.3-1



* Ownership levels from CRTC's publicly available information as of January 30, 2004. Organizational chart is based on publicly available information as of March 2004.

Wireless Telecommunications (47 percent of 2003 revenues)

Rogers Wireless Communications Inc. announced in December 2003, that it had come to an agreement with AT&T Wireless Service Inc. (US) whereby Rogers Wireless would change its corporate branding from Rogers AT&T Wireless to Rogers Wireless. The name change was expected to be completed in June 2004. AT&T Wireless Services'(US) at this time continued to hold a 34 percent equity ownership in Rogers Wireless Communications.

Rogers Wireless had 3.8 million wireless customers in 2003, an 11 percent increase from 2002. At the end of 2003, its networks covered 93 percent of the Canadian population with analog service and 85 percent with digital service.

In 2003, Rogers Wireless assets were $3.1 billion and revenues increased 16 percent to approximately $2.3 billion. Rogers Wireless incurred a positive net income of $138 million in 2003, significantly better than its net income loss of $90.7 million for 2002. This increase can be attributed to a rise in operating profits[1] as well as a foreign exchange gain from the strengthened Canadian dollar.

Rogers Wireless, along with Aliant Mobility, Microcell (Fido), Bell Mobility and TELUS Mobility announced in August 2003, an agreement to establish common standards for roaming and interoperability among the public wireless fidelity (Wi-Fi) locations that they operate. The agreement was meant to provide wireless subscribers in Canada with convenient and secure access to public Wi-Fi locations.

In November 2003, Rogers Wireless began trials of Enhanced Data Rates for GSM Evolution (EDGE) in the Greater Vancouver area. EDGE is a 3G radio technology which provides wireless data speeds that are up to three times faster than those provided by GPRS. This upgrade allowed customers to connect their laptop PCs to Rogers's GSM/GPRS network for access to the Internet and other data applications. Rogers finished deploying EDGE across Canada in July 2004.

Cable Distribution (36 percent of 2003 revenues)

Rogers Cable provides digital cable, pay television, pay-per-view and converter rental services. By the end of 2003, Rogers Cable provided cable television service to approximately 2.3 million customers in Ontario, New Brunswick and Newfoundland. In June 1999, Rogers Cable introduced their digital cable television service and by the end of 2003, Rogers Cable had deployed over 613,600 digital set-top boxes, a 35 percent increase over 2002. Rogers Cable also owns and operates a chain of 279 video stores.

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[1] Operating profit is defined as earnings before interest, taxes, depreciation, and amortization (EBITDA).

In 2003, Rogers Cable had assets of $3.7 billion and cable revenues were $1.8 billion, an 11 percent increase from 2002. During that year, Rogers Cable had a net loss of $55 million, an improvement from the $59 million loss of 2002. Cable continued to experience a net loss due to increased interest expenses on long-term debt in 2003.

In March 2003, Rogers Communications purchased 3 million voting shares of Cogeco Cable Inc. in exchange for 2.7 million of its own non-voting shares. After the purchase, Rogers' ownership percentage increased to approximately 18 percent of Cogeco Cable's common stock.

Rogers Cable came to an agreement with MGM Home Entertainment in May 2003. This deal adds MGM movies to Rogers' Video on Demand (VOD) offering. In 2003,VOD was available to customers in central Toronto, with other areas becoming available in early 2004. Rogers' VOD allows customers to select programming from a library of approximately 1000 different programs for immediate viewing. Rogers also introduced the first personal video recorder and 7 new High Definition Television (HDTV) channels in 2003.

Internet

Rogers provides high-speed Internet access for residential and business subscribers through cable modems. By the end of 2003, Rogers had more than 790,500 high-speed subscribers, an increase of 24 percent from the end of 2002. The increase in subscribers contributed to an $80 million increase in high-speed Internet revenues, which were $322 million for the year.

In December 2003, Rogers Cable announced plans to increase its maximum high-speed Internet access speed for all customers. Residential and "regular" business users were expected to see speeds double to 3 Megabits per second (Mbps) whereas for business "pro" users, speeds were to go from 1 to 4 Mbps.

Rogers introduced a service offering in December, which bundles its wireless, high-speed and cable television services. Customers could combine any two or all three of these services in a bundle providing savings of 6 percent to 14 percent when compared to the individually priced services. Of note, the wireless packages require a one-time activation fee, customers are subject to a minimum 12-month contract for each selected service and customers must sign up for the Rogers consolidated billing system.

Media (17 percent of 2003 revenues)

Rogers Media operates two businesses: Rogers Broadcasting and Rogers Publishing. By the end of 2003, Rogers Broadcasting had 43 AM and FM radio stations across Canada as well as two multicultural television stations (OMNI.1 and OMNI.2), a nationally televised shopping service (The Shopping Channel), and an 80% ownership interest in Rogers SportsNet, a Canada-wide regional sports programming channel. Rogers Broadcasting also holds minority interests in several specialty television services in Canada, including Viewers Choice Canada and the Outdoor Life Network. Rogers Publishing produces approximately 70 consumer magazines, trade and professional publications and directories. Some of these include *Maclean's, Chatelaine,* and *Canadian Business*.

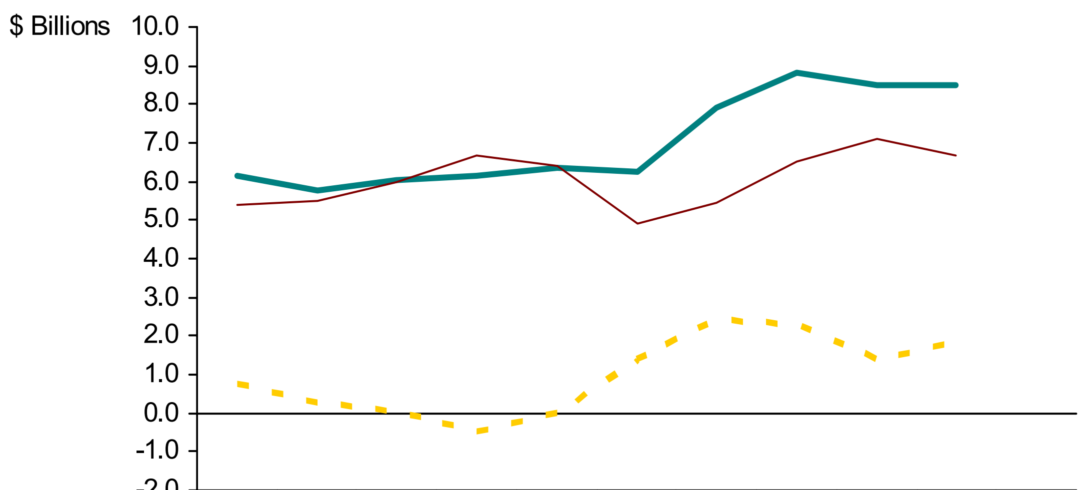
For the fiscal year ending December 31, 2003, media revenues increased 5.5 percent to $855 million and net income was $48 million, up $8 million when compared to 2002.

In December 2003, Rogers Media and CTV partnered to advance the production and distribution of HDTV. This partnership was to see Rogers Media invest in 50 percent of CTV's specialty mobile production and distribution business, which at the time was operated by Dome Productions Inc.

Key historical financial data is provided in Figure 5.3-2 and Figure 5.3-3.

Figure 5.3-2

Rogers Communications Inc. Balance Sheet

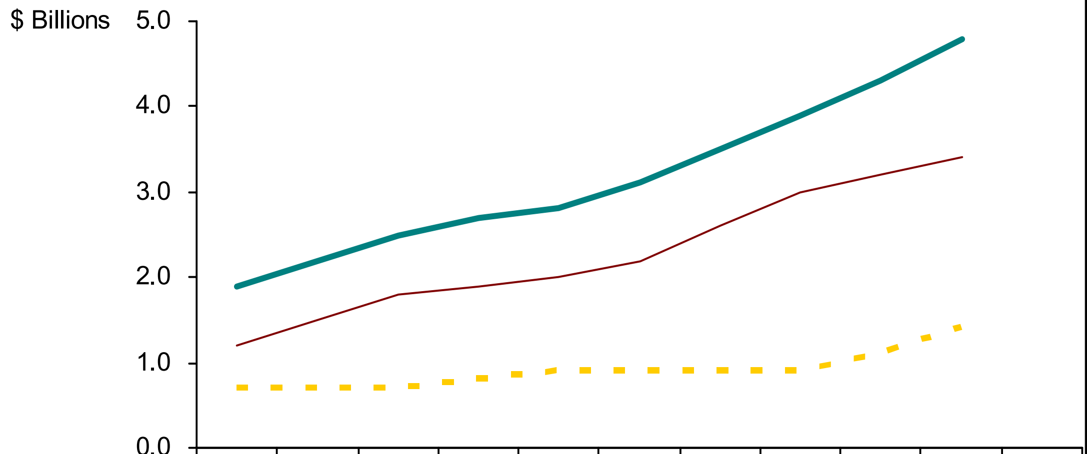


	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	CAGR *
Total Assets	6.1	5.8	6.0	6.1	6.4	6.3	7.9	8.8	8.5	8.5	3.7%
Total Liabilities	5.4	5.5	6.0	6.7	6.4	4.9	5.5	6.5	7.1	6.7	2.4%
Shareholders' Equity	0.8	0.3	0.0	-0.5	0.0	1.4	2.4	2.3	1.4	1.8	9.2%

*Compound Annual Growth Rate (CAGR), 1994-2003.
Figures may not add up due to rounding.
Source: Based on Rogers Communications Inc. annual reports (April 2004).

Figure 5.3-3

Rogers Communications Inc. Income Statement



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	CAGR *
Operating Revenue	1.9	2.2	2.5	2.7	2.8	3.1	3.5	3.9	4.3	4.8	10.9%
Operating Expenses	1.2	1.5	1.8	1.9	2.0	2.2	2.6	3.0	3.2	3.4	12.2%
EBITDA**	0.7	0.7	0.7	0.8	0.9	0.9	0.9	0.9	1.1	1.4	8.9%

* Compound Annual Growth Rate (CAGR), 1994-2003.
** EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization).
Figures may not add up due to rounding.
Source: Based on Rogers Communications Inc. annual reports (April 2004).