Rogers Communications Inc.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Three and six months ended June 30, 2016 and 2015

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

		Three months ended June 30		Six months ended June 30	
	Note	**2016**	2015	**2016**	2015
Revenue		**3,455**	3,403	**6,700**	6,578
Operating expenses:					
Operating costs	*4*	**2,123**	2,080	**4,279**	4,143
Depreciation and amortization		**572**	562	**1,146**	1,121
Restructuring, acquisition and other	*5*	**27**	42	**71**	51
Finance costs	*6*	**189**	182	**385**	392
Other expense (income)	*7*	**9**	26	**(25)**	23
Income before income taxes		**535**	511	**844**	848
Income taxes		**141**	148	**202**	230
Net income for the period		**394**	363	**642**	618
Earnings per share:					
Basic	*8*	**$ 0.77**	$0.70	**$ 1.25**	$1.20
Diluted	*8*	**$ 0.76**	$0.70	**$ 1.24**	$1.19

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 June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Net income for the period	**394**	363	**642**	618
Other comprehensive income (loss):				
Items that may subsequently be reclassified to income:				
Change in fair value of available-for-sale investments:				
(Decrease) increase in fair value	**(22)**	63	**101**	(11)
Reclassification to net income for gain on sale of investment	**-**	-	**(39)**	-
Related income tax recovery (expense)	**3**	(8)	**(8)**	2
Change in fair value of available-for-sale investments	**(19)**	55	**54**	(9)
Cash flow hedging derivative instruments:				
Unrealized gain (loss) in fair value of derivative instruments	**90**	(236)	**(561)**	505
Reclassification to net income of loss (gain) on debt derivatives	**42**	91	**572**	(559)
Reclassification to net income for loss on repayment of long-term debt	**-**	-	**-**	7
Reclassification to net income or property, plant and equipment of gain on expenditure derivatives	**(14)**	(23)	**(42)**	(56)
Reclassification to net income for accrued interest	**(15)**	(11)	**(36)**	(24)
Related income tax (expense) recovery	**(8)**	38	**65**	(6)
Cash flow hedging derivative instruments	**95**	(141)	**(2)**	(133)
Share of other comprehensive (loss) income of equity-accounted investments, net of tax	**(3)**	(3)	**(20)**	5
Other comprehensive income (loss) for the period	**73**	(89)	**32**	(137)
Comprehensive income for the period	**467**	274	**674**	481

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 June 30 **2016**	As at December 31 2015
Assets			
Current assets:			
Cash and cash equivalents		**-**	11
Accounts receivable		**1,811**	1,792
Inventories		**239**	318
Other current assets		**373**	303
Current portion of derivative instruments	*9*	**92**	198
Total current assets		**2,515**	2,622
Property, plant and equipment		**11,097**	10,997
Intangible assets		**7,173**	7,243
Investments	*10*	**2,346**	2,271
Derivative instruments	*9*	**1,681**	1,992
Other long-term assets		**136**	150
Deferred tax assets		**8**	9
Goodwill		**3,891**	3,891
Total assets		**28,847**	29,175
Liabilities and shareholders' equity			
Current liabilities:			
Bank advances		**143**	-
Short-term borrowings	*11*	**1,050**	800
Accounts payable and accrued liabilities		**2,584**	2,708
Income tax payable		**234**	96
Current portion of provisions		**27**	10
Unearned revenue		**371**	388
Current portion of long-term debt	*12*	**750**	1,000
Current portion of derivative instruments	*9*	**90**	15
Total current liabilities		**5,249**	5,017
Provisions		**30**	50
Long-term debt	*12*	**15,239**	15,870
Derivative instruments	*9*	**226**	95
Other long-term liabilities		**383**	455
Deferred tax liabilities		**1,795**	1,943
Total liabilities		**22,922**	23,430
Shareholders' equity	*13*	**5,925**	5,745
Total liabilities and shareholders' equity		**28,847**	29,175
Subsequent events	*11*		
Contingent liabilities	*16*		

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						
Six months ended June 30, 2016	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Retained earnings	Available-for-sale financial assets reserve	Hedging reserve	Equity investment hedging reserve	Total shareholders' equity
Balances, January 1, 2016	72	112,439	402	402,308	4,583	598	57	33	5,745
Net income for the period	-	-	-	-	642	-	-	-	642
Other comprehensive income (loss):									
Available-for-sale investments, net of tax	-	-	-	-	-	54	-	-	54
Derivative instruments accounted for as hedges, net of tax	-	-	-	-	-	-	(2)	-	(2)
Share of equity-accounted investments, net of tax	-	-	-	-	-	-	-	(20)	(20)
Total other comprehensive income (loss)	-	-	-	-	-	54	(2)	(20)	32
Comprehensive income for the period	-	-	-	-	642	54	(2)	(20)	674
Transactions with shareholders recorded directly in equity:									
Dividends declared	-	-	-	-	(494)	-	-	-	(494)
Share class exchange	-	(25)	-	25	-	-	-	-	-
Total transactions with shareholders	-	(25)	-	25	(494)	-	-	-	(494)
Balances, June 30, 2016	**72**	**112,414**	**402**	**402,333**	**4,731**	**652**	**55**	**13**	**5,925**

	Class A Voting shares		Class B Non-voting shares						
Six months ended June 30, 2015	Amount	Number of shares (000s)	Amount	Number of shares (000s)	Retained earnings	Available-for-sale financial assets reserve	Hedging reserve	Equity investment hedging reserve	Total shareholders' equity
Balances, January 1, 2015	72	112,448	402	402,298	4,172	721	104	10	5,481
Net income for the period	-	-	-	-	618	-	-	-	618
Other comprehensive (loss) income:									
Available-for-sale investments, net of tax	-	-	-	-	-	(9)	-	-	(9)
Derivative instruments accounted for as hedges, net of tax		-	-	-	-	-	(133)	-	(133)
Share of equity-accounted investments, net of tax	-	-	-	-	-	-	-	5	5
Total other comprehensive (loss) income	-	-	-	-	-	(9)	(133)	5	(137)
Comprehensive income for the period	-	-	-	-	618	(9)	(133)	5	481
Transactions with shareholders recorded directly in equity:									
Dividends declared	-	-	-	-	(494)	-	-	-	(494)
Share class exchange	-	(5)	-	5	-	-	-	-	-
Total transactions with shareholders	-	(5)	-	5	(494)	-	-	-	(494)
Balances, June 30, 2015	72	112,443	402	402,303	4,296	712	(29)	15	5,468

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 June 30		Six months ended June 30	
	Note	**2016**	2015	**2016**	2015
Operating activities:					
Net income for the period		**394**	363	**642**	618
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation and amortization		**572**	562	**1,146**	1,121
Program rights amortization		**18**	21	**39**	43
Finance costs	6	**189**	182	**385**	392
Income taxes		**141**	148	**202**	230
Stock-based compensation	14	**15**	14	**27**	26
Post-employment benefits contributions, net of expense		**(71)**	24	**(61)**	(71)
Gain on sale of investment		**-**	-	**(39)**	-
Other		**-**	46	**10**	36
Cash provided by operating activities before changes in non-cash working capital items, income taxes paid, and interest paid		**1,258**	1,360	**2,351**	2,395
Change in non-cash operating working capital items	17	**35**	(44)	**(85)**	(394)
Cash provided by operating activities before income taxes paid and interest paid		**1,293**	1,316	**2,266**	2,001
Income taxes paid		**(18)**	(61)	**(155)**	(256)
Interest paid		**(154)**	(141)	**(392)**	(404)
Cash provided by operating activities		**1,121**	1,114	**1,719**	1,341
Investing activities:					
Additions to property, plant and equipment		**(647)**	(621)	**(1,199)**	(1,096)
Additions to program rights		**(14)**	(6)	**(24)**	(18)
Changes in non-cash working capital related to property, plant and equipment and intangible assets		**32**	(46)	**(105)**	(138)
Acquisitions and other strategic transactions, net of cash acquired		**-**	(601)	**-**	(601)
Other		**47**	(22)	**7**	(34)
Cash used in investing activities		**(582)**	(1,296)	**(1,321)**	(1,887)
Financing activities:					
Proceeds received on short-term borrowings	11	**45**	38	**295**	246
Repayment of short-term borrowings	11	**-**	(56)	**(45)**	(71)
Issuance of long-term debt	12	**1,364**	1,792	**2,052**	3,450
Repayment of long-term debt	12	**(1,749)**	(1,310)	**(2,318)**	(2,919)
Proceeds on settlement of debt derivatives and forward contracts	9	**3,302**	-	**3,757**	1,059
Payments on settlement of debt derivatives and forward contracts	9	**(3,325)**	-	**(3,799)**	(905)
Dividends paid		**(247)**	(248)	**(494)**	(483)
Cash (used in) provided by financing activities		**(610)**	216	**(552)**	377
Change in cash and cash equivalents		**(71)**	34	**(154)**	(169)
(Bank advances) cash and cash equivalents, beginning of period		**(72)**	(27)	**11**	176
(Bank advances) cash and cash equivalents, end of period		**(143)**	7	**(143)**	7

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. In addition to the business segments discussed above, RCI also holds interests in various investments and ventures.

We report our results of operations in four segments. Each segment and the nature of its business are 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.
Business Solutions	Network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for small, medium, and large Canadian businesses, governments, and on a wholesale basis to other telecommunications providers.
Media	A diversified portfolio of media properties, including television and radio broadcasting, specialty channels, multi-platform shopping, publishing, sports media and entertainment, and digital media.

During the six months ended June 30, 2016, Wireless, Cable, and Business Solutions were operated by our wholly-owned subsidiary, Rogers Communications Canada Inc. (RCCI) (2015 - Rogers Communications Partnership (RCP)), 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 and six months ended June 30, 2016 (second quarter 2016 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 the annual audited consolidated financial statements for the year ended December 31, 2015 (2015 financial statements) with the exception of those new accounting policies that were adopted on January 1, 2016 as described in note 2. These second quarter 2016 interim financial statements were approved by the Audit and Risk Committee of our Board of Directors on July 20, 2016.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The notes presented in these second quarter 2016 interim financial statements include only significant transactions and changes occurring for the six months since our year-end of December 31, 2015 and do not include all disclosures required by International Financial Reporting Standards (IFRS) for annual financial statements. These second quarter 2016 interim financial statements should be read in conjunction with the 2015 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.

New Accounting Pronouncements Adopted in 2016

We adopted the following new accounting standards and amendments; they are effective for our interim and annual consolidated financial statements commencing January 1, 2016. These changes did not have a material impact on our financial results.

- Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*
- Amendments to IFRS 11, *Joint Arrangements*

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. These changes are described in our 2015 financial statements.

- IFRS 9, *Financial Instruments* (effective January 1, 2018)
- IFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
- IFRS 16, *Leases* (effective January 1, 2019)

We are assessing the impact of these standards on our consolidated financial statements.

NOTE 3: SEGMENTED INFORMATION

Our reportable segments are Wireless, Cable, Business Solutions, and Media. All four 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 and eliminate them on consolidation.

The Chief Executive Officer and Chief Financial Officer of RCI are our chief operating decision makers and regularly review our operations and performance by segment. They review adjusted operating profit 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 operating profit is defined as income before stock-based compensation, depreciation and amortization, restructuring, acquisition and other, finance costs, other (income) expense, and income taxes.

Information by Segment

Three months ended June 30, 2016 (In millions of dollars)	Note	Wireless	Cable	Business Solutions	Media	Corporate items and eliminations	Consolidated totals
Revenue		1,931	870	97	615	(58)	3,455
Operating costs [1]		1,085	455	66	525	(23)	2,108
Adjusted operating profit		846	415	31	90	(35)	1,347
Stock-based compensation [1]	14						15
Depreciation and amortization							572
Restructuring, acquisition and other	5						27
Finance costs	6						189
Other expense	7						9
Income before income taxes							535

[1] Included in Operating costs on the interim condensed consolidated financial statements.

Three months ended June 30, 2015 (In millions of dollars)	Note	Wireless	Cable	Business Solutions	Media	Corporate items and eliminations	Consolidated totals
Revenue		1,903	869	94	582	(45)	3,403
Operating costs [1]		1,062	455	67	492	(10)	2,066
Adjusted operating profit		841	414	27	90	(35)	1,337
Stock-based compensation [1]	14						14
Depreciation and amortization							562
Restructuring, acquisition and other	5						42
Finance costs	6						182
Other expense	7						26
Income before income taxes							511

[1] Included in Operating costs on the interim condensed consolidated financial statements.

Six months ended June 30, 2016 (In millions of dollars)	Note	Wireless	Cable	Business Solutions	Media	Corporate items and eliminations	Consolidated totals
Revenue		3,821	1,726	193	1,063	(103)	6,700
Operating costs [1]		2,212	918	131	1,022	(31)	4,252
Adjusted operating profit		1,609	808	62	41	(72)	2,448
Stock-based compensation [1]	14						27
Depreciation and amortization							1,146
Restructuring, acquisition and other	5						71
Finance costs	6						385
Other income	7						(25)
Income before income taxes							844

[1] Included in Operating costs on the interim condensed consolidated financial statements.

Six months ended June 30, 2015 (In millions of dollars)	Note	Wireless	Cable	Business Solutions	Media	Corporate items and eliminations	Consolidated totals
Revenue		3,697	1,739	188	1,046	(92)	6,578
Operating costs [1]		2,091	923	133	988	(18)	4,117
Adjusted operating profit		1,606	816	55	58	(74)	2,461
Stock-based compensation [1]	14						26
Depreciation and amortization							1,121
Restructuring, acquisition and other	5						51
Finance costs	6						392
Other expense	7						23
Income before income taxes							848

[1] Included in Operating costs on the interim condensed consolidated financial statements.

NOTE 4: OPERATING COSTS

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Cost of equipment sales and direct channel subsidies	**435**	424	**896**	818
Merchandise for resale	**49**	46	**98**	93
Other external purchases	**1,090**	1,079	**2,260**	2,237
Employee salaries and benefits and stock-based compensation	**549**	531	**1,025**	995
Total operating costs	**2,123**	2,080	**4,279**	4,143

NOTE 5: RESTRUCTURING, ACQUISITION AND OTHER

During the three and six months ended June 30, 2016, we incurred $27 million and $71 million (2015 - $42 million and $51 million), respectively, in restructuring, acquisition and other expenses. These expenses in 2016 primarily consisted of severance costs associated with the targeted restructuring of our employee base. In 2015, these expenses were incurred primarily as a result of a reorganization of our OMNI television stations.

NOTE 6: FINANCE COSTS

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Interest on borrowings	**192**	186	**388**	382
Interest on post-employment benefits liability	**3**	2	**5**	5
Loss on repayment of long-term debt	**-**	-	**-**	7
(Gain) loss on foreign exchange	**(22)**	(1)	**(47)**	6
Change in fair value of derivative instruments	**18**	-	**42**	2
Capitalized interest	**(5)**	(7)	**(9)**	(15)
Other	**3**	2	**6**	5
Total finance costs	**189**	182	**385**	392

NOTE 7: OTHER EXPENSE (INCOME)

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Losses from associates and joint ventures	**13**	30	**27**	32
Gain on sale of investment	**-**	-	**(39)**	-
Other investment income	**(4)**	(4)	**(13)**	(9)
Total other expense (income)	**9**	26	**(25)**	23

NOTE 8: EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
(In millions of dollars, except per share amounts)	**2016**	2015	**2016**	2015
Numerator (basic) - Net income for the period	**394**	363	**642**	618
Denominator - Number of shares (in millions):				
Weighted average number of shares outstanding - basic	**515**	515	**515**	515
Effect of dilutive securities (in millions):				
Employee stock options and restricted share units	**2**	1	**2**	2
Weighted average number of shares outstanding - diluted	**517**	516	**517**	517
Earnings per share				
Basic	**$ 0.77**	$ 0.70	**$ 1.25**	$ 1.20
Diluted	**$ 0.76**	$ 0.70	**$ 1.24**	$ 1.19

For the six months ended June 30, 2015, the accounting for stock-based compensation using the equity-settled method was determined to be more dilutive than using the cash-settled method. As a result, net income for the six months ended June 30, 2015 was reduced $3 million in the diluted earnings per share calculation to account for these awards as if they were equity-settled. There was no effect on the diluted earnings per share calculation for the three and six months ended June 30, 2016 and for the three months ended June 30, 2015.

A total of nil and 1,040,320 options were out of the money for the three and six months ended June 30, 2016 (2015 - 3,008,802 and 2,343,282), respectively. These options were excluded from the calculation of the effect of dilutive securities because they were anti-dilutive.

NOTE 9: 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, 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 debt instruments and credit facility borrowings. We designate the debt derivatives related to our senior notes as hedges for accounting purposes against the foreign exchange risk associated with specific debt instruments. We do not designate the debt derivatives related to our credit facility borrowings as hedges for accounting purposes.

During the three and six months ended June 30, 2016, we entered into debt derivatives related to our credit facility borrowings with a notional value of US$3,073 million and US$3,797 million ($3,974 million and $4,950 million), respectively. We did not enter into any debt derivatives related to our credit facility borrowings during the three and six months ended June 30, 2015. During the three and six months ended June 30, 2016, we settled debt derivatives related to our credit facility borrowings with a notional value of US$2,567 million and US$2,909 million ($3,325 million and $3,799 million), respectively, for net cash payments of $23 million and $42 million, respectively. As at June 30, 2016, we had US$888 million in debt derivatives relating to our credit facility borrowings.

As at June 30, 2016, we had US$6.2 billion (December 31, 2015 - US$6.2 billion) in US dollar-denominated senior notes and debentures, of which all of the associated foreign exchange risk had been hedged using debt derivatives. We did not enter into any debt derivatives related to senior notes during the three and six months ended June 30, 2016 or 2015.

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 six months ended June 30, 2016 or 2015. As at June 30, 2016, we had $1.4 billion (December 31, 2015 - $1.4 billion) 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.

During the three and six months ended June 30, 2016, we entered into US dollar-denominated foreign currency forward contracts to fix the exchange rate on US$270 million and US$690 million (2015 - US$330 million and US$330 million), respectively, of Rogers' US dollar-denominated gross forecasted expenditures for 2017 and 2018. These anticipated expenditures are hedged at an average rate of $1.27/US$ and $1.34/US$ (2015 - $1.22/US$ and $1.22/US$), respectively, fixing the cost in Canadian dollars for these expenditures over the terms of the contracts to $342 million and $926 million (2015 - $403 million and $403 million), respectively.

During the three and six months ended June 30, 2016, we settled US$210 million and US$420 million (2015 - US$180 million and US$360 million), respectively, of expenditure derivatives for US$256 million and US$513 million (2015 - $198 million and $397 million), respectively.

As at June 30, 2016, we had US$1,410 million of expenditure derivatives outstanding (December 31, 2015 - US$1,140 million) with terms to maturity ranging from July 2016 to December 2018 (December 31, 2015 - January 2016 to December 2017), at an average rate of $1.30/US$ (December 31, 2015 - $1.24/US$).

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

As at June 30, 2016, we had equity derivatives for 5.7 million (December 31, 2015 - 5.7 million) RCI Class B shares with a weighted average price of $50.37 (December 31, 2015 - $50.37).

In April 2016, we executed extension agreements for each of our equity derivative contracts under substantially the same terms and conditions with revised expiry dates to April 2017 (from April 2016).

During the three and six months ended June 30, 2016, we recognized a recovery of stock-based compensation expense of $4 million and $30 million (2015 - recovery of $13 million and expense of $1 million), respectively, related to the change in fair value of our equity derivative contracts net of interest receipts (see note 14).

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. 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 RCI's 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 June 30, 2016 and 2015 and there were no transfers between Level 1, Level 2, or Level 3 during the respective periods.

The financial instruments carried at fair value by valuation method as at June 30, 2016 and December 31, 2015 are as follows:

	Carrying value		Fair value (Level 1)		Fair value (Level 2)	
	As at June 30	As at Dec. 31	As at June 30	As at Dec. 31	As at June 30	As at Dec. 31
(In millions of dollars)	**2016**	2015	**2016**	2015	**2016**	2015
Financial assets						
Available-for-sale, measured at fair value:						
Investments in publicly traded companies	**1,058**	966	**1,058**	966	**-**	-
Held-for-trading:						
Debt derivatives accounted for as cash flow hedges	**1,720**	2,032	**-**	-	**1,720**	2,032
Expenditure derivatives accounted for as cash flow hedges	**42**	158	**-**	-	**42**	158
Equity derivatives not accounted for as cash flow hedges	**11**	-	**-**	-	**11**	-
Total financial assets	**2,831**	3,156	**1,058**	966	**1,773**	2,190
Financial liabilities						
Held-for-trading:						
Debt derivatives accounted for as cash flow hedges	**65**	4	**-**	-	**65**	4
Debt derivatives not accounted for as hedges	**4**	-	**-**	-	**4**	-
Bond forwards accounted for as cash flow hedges	**199**	91	**-**	-	**199**	91
Expenditure derivatives accounted for as cash flow hedges	**48**	-	**-**	-	**48**	-
Equity derivatives not accounted as cash flow hedges	**-**	15	**-**	-	**-**	15
Total financial liabilities	**316**	110	**-**	-	**316**	110

The fair value of our long-term debt as at June 30, 2016 and December 31, 2015 is as follows:

	As at June 30, 2016		As at December 31, 2015	
(In millions of dollars)	**Carrying amount**	**Fair value** [1]	Carrying amount	Fair value [1]
Long-term debt (including current portion)	**15,989**	**18,176**	16,870	18,252

[1] Long-term debt (including current portion) is measured at Level 2 in the three-level fair value hierarchy, based on period-end trading values.

We did not have any non-derivative held-to-maturity financial assets during the three and six months ended June 30, 2016 and 2015.

NOTE 10: INVESTMENTS

(In millions of dollars)	As at June 30 **2016**	As at December 31 2015
Investments in:		
Publicly traded companies	**1,058**	966
Private companies	**179**	212
Investments, available-for-sale	**1,237**	1,178
Investments, associates and joint ventures	**1,109**	1,093
Total investments	**2,346**	2,271

NOTE 11: SHORT-TERM BORROWINGS

(In millions of dollars)	As at June 30 **2016**	As at December 31 2015
Trade accounts receivable sold to buyer as security	**1,314**	1,359
Short-term borrowings from buyer	**(1,050)**	(800)
Overcollateralization	**264**	559

During the three months ended June 30, 2016, we received an additional $45 million (2015 - $38 million) of funding under our accounts receivable securitization program and repaid nil (2015 - $56 million) which changed our total funding under the program to $1,050 million as at June 30, 2016 (December 31, 2015 - $800 million). During the six months ended June 30, 2016, we received $295 million (2015 - $246 million) of funding under our accounts receivable securitization program and repaid $45 million (2015 - $71 million).

In July 2016 we amended the terms of the accounts receivable securitization program to, among other things, extend the expiry date from January 1, 2018 to January 1, 2019.

We incurred interest costs relating to our securitization program of $4 million and $8 million during the three and six months ended June 30, 2016 (2015 - $4 million and $8 million), respectively, which we recorded in finance costs.

NOTE 12: LONG-TERM DEBT

(In millions of dollars, except interest rates)	Due date		Principal amount	Interest rate	As at June 30 **2016**	As at December 31 2015
Bank credit facilities				Floating	**40**	500
Bank credit facilities		US	888	Floating	**1,147**	-
Senior notes	2016		1,000	5.800%	**-**	1,000
Senior notes	2017		500	3.000%	**500**	500
Senior notes	2017		250	Floating	**250**	250
Senior notes	2018	US	1,400	6.800%	**1,808**	1,938
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%	**646**	692
Senior notes	2023	US	850	4.100%	**1,098**	1,176
Senior notes	2024		600	4.000%	**600**	600
Senior notes	2025	US	700	3.625%	**904**	969
Senior debentures [1]	2032	US	200	8.750%	**258**	277
Senior notes	2038	US	350	7.500%	**452**	484
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%	**646**	692
Senior notes	2043	US	650	5.450%	**840**	900
Senior notes	2044	US	1,050	5.000%	**1,356**	1,453
					16,095	16,981
Deferred transaction costs and discounts					**(106)**	(111)
Less current portion					**(750)**	(1,000)
Total long-term debt					**15,239**	15,870

[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 June 30, 2016 and for which RCP was an unsecured guarantor as at December 31, 2015.

Bank Credit and Letter of Credit Facilities

During the three months ended June 30, 2016, we borrowed $1,364 million ($190 million and US$900 million) (2015 - $1,800 million) under our revolving and non-revolving credit facilities and repaid $749 million ($150 million and US$469 million) (2015 - $1,310 million).

During the six months ended June 30, 2016, we borrowed $2,052 million ($190 million and US$1,407 million) (2015 - $3,460 million) under our revolving and non-revolving credit facilities and repaid $1,318 million ($650 million and US$519 million) (2015 - $1,860 million).

As at June 30, 2016, we had $1,187 million ($40 million and US$888 million) outstanding under our revolving and non-revolving credit facilities (December 31, 2015 - $500 million). We have entered into debt derivatives related to the US dollar-denominated portion of these borrowings to convert all the interest and principal payment obligations to Canadian dollars (see note 9).

As at June 30, 2016, we had available liquidity of $2.2 billion (December 31, 2015 - $3.0 billion) under our $3.6 billion of revolving and non-revolving credit and letter of credit facilities (December 31, 2015 - $3.6 billion), of which we had utilized approximately $0.1 billion (December 31, 2015 - $0.1 billion) related to outstanding letters of credit and $1.3 billion of borrowings (December 31, 2015 - $0.5 billion).

Effective April 1, 2016, we amended our $2.5 billion revolving credit facility to, among other things, extend the maturity date from July 2019 to September 2020. At the same time, we also amended the $1.0 billion non-revolving credit facility to, among other things, extend the maturity date from April 2017 to April 2018.

Senior Notes

Repayment of senior notes and related derivative settlements

During the three and six months ended June 30, 2016, we repaid our $1,000 million senior notes due May 2016.

During the six months ended June 30, 2015, we repaid or repurchased our US$550 million ($702 million) and US$280 million ($357 million) senior notes due March 2015. At the same time, the associated debt derivatives were settled at maturity for net proceeds of $154 million, resulting in a net repayment of $905 million, including settlement of the associated debt derivatives.

NOTE 13: SHAREHOLDERS' EQUITY

Dividends

In 2016 and 2015, we declared and paid the following dividends on our outstanding Class A Voting and Class B Non-Voting shares:

Date declared	Date paid	Dividend per share (dollars)
January 27, 2016	April 1, 2016	0.48
April 18, 2016	July 4, 2016	0.48
		0.96
January 28, 2015	April 1, 2015	0.48
April 21, 2015	July 2, 2015	0.48
August 13, 2015	October 1, 2015	0.48
October 22, 2015	January 4, 2016	0.48
		1.92

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 shares. Class A Voting and Class B Non-Voting shares therefore participate equally in dividends.

NOTE 14: STOCK-BASED COMPENSATION

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

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Stock options	**1**	7	**14**	-
Restricted share units (RSUs)	**10**	12	**25**	18
Deferred share units (DSUs)	**8**	8	**18**	7
Equity derivative effect, net of interest receipt	**(4)**	(13)	**(30)**	1
Total stock-based compensation expense	**15**	14	**27**	26

As at June 30, 2016, we had a total liability, recorded at its fair value, of $171 million (December 31, 2015 - $157 million) related to stock-based compensation, including stock options, RSUs, and DSUs.

During the three and six months ended June 30, 2016, we paid $6 million and $51 million (2015 - $2 million and $37 million), respectively, to holders of stock options, RSUs, and DSUs upon exercise using the cash settlement feature.

Stock Options

Summary of stock options

	Three months ended June 30, 2016		Six months ended June 30, 2016	
(in number of units, except prices)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	**5,343,572**	**$ 43.91**	**4,873,940**	**$ 41.47**
Granted	**-**	**-**	**1,054,530**	**$ 49.95**
Exercised	**(141,237)**	**$ 40.38**	**(713,883)**	**$ 35.45**
Forfeited	**(37,900)**	**$ 46.26**	**(50,152)**	**$ 45.83**
Outstanding, end of period	**5,164,435**	**$ 43.99**	**5,164,435**	**$ 43.99**
Exercisable, end of period	**2,372,958**	**$ 40.56**	**2,372,958**	**$40.56**

	Three months ended June 30, 2015		Six months ended June 30, 2015	
(in number of units, except prices)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	6,018,186	$ 40.03	5,759,786	$ 38.71
Granted	90,370	$ 41.82	1,215,040	$ 44.74
Exercised	(114,668)	$ 36.47	(960,735)	$ 37.56
Forfeited	(37,119)	$ 44.18	(57,322)	$ 41.38
Outstanding, end of period	5,956,769	$40.10	5,956,769	$ 40.10
Exercisable, end of period	3,292,781	$36.56	3,292,781	$ 36.56

Included in the above table are grants of nil and 420,035 performance options to certain key executives during the three and six months ended June 30, 2016 (2015 - nil and 496,200), respectively.

Unrecognized stock-based compensation expense related to stock option plans was $11 million as at June 30, 2016 (December 31, 2015 - $7 million) and will be recognized in net income over the next four years as the options vest.

Restricted Share Units

Summary of RSUs

	Three months ended June 30		Six months ended June 30	
(in number of units)	**2016**	2015	**2016**	2015
Outstanding, beginning of period	**2,431,281**	2,603,352	**2,484,405**	2,765,255
Granted and reinvested dividends	**45,640**	117,283	**667,438**	661,063
Exercised	**(83,610)**	(49,490)	**(698,094)**	(692,893)
Forfeited	**(52,697)**	(50,871)	**(113,135)**	(113,151)
Outstanding, end of period	**2,340,614**	2,620,274	**2,340,614**	2,620,274

Included in the above table are grants of 4,548 and 90,341 performance RSUs to certain key executives during the three and six months ended June 30, 2016 (2015 - 37,269 and 83,562), respectively.

Unrecognized stock-based compensation expense related to these RSUs was $51 million as at June 30, 2016 (December 31, 2015 - $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

	Three months ended June 30		Six months ended June 30	
(in number of units)	**2016**	2015	**2016**	2015
Outstanding, beginning of period	**2,503,079**	1,999,530	**1,770,871**	826,891
Granted and reinvested dividends	**47,723**	81,248	**920,759**	1,254,442
Exercised	**(16,221)**	(89,419)	**(115,358)**	(89,419)
Forfeited	**(34,782)**	(33,901)	**(76,473)**	(34,456)
Outstanding, end of period	**2,499,799**	1,957,458	**2,499,799**	1,957,458

Included in the above table are grants of 6,323 and 315,827 performance DSUs to certain key executives during the three and six months ended June 30, 2016 (2015 - 5,385 and 443,139), respectively.

Unrecognized stock-based compensation expense related to these DSUs as at June 30, 2016 was $45 million (December 31, 2015 - $26 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 15: RELATED PARTY TRANSACTIONS

Controlling Shareholder

We enter into certain transactions with private Rogers family holding companies controlled by 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 and six months ended June 30, 2016 and 2015 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;
- the chairman of a company that provides printing services to the Company; and
- the chairman and chief executive officer of a firm to which the Company pays commissions for insurance coverage (ceased as a related party effective April 2015).

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. The related party activity for the business transactions described above is summarized as follows:

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Printing, legal services, and commission paid on premiums for insurance coverage	**6**	7	**11**	17

NOTE 16: CONTINGENT LIABILITIES

We have the following contingent liabilities as at June 30, 2016:

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.

In 2013, the plaintiffs applied for an order to be allowed to proceed with the second system access fee class action. However, the court denied this application and the second action remains conditionally stayed.

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. In 2014, the Nova Scotia Supreme Court declined to stay or dismiss the corresponding claim brought by the plaintiffs in Nova Scotia as an abuse of process. In April 2015, the Nova Scotia Court of Appeal permanently stayed the Nova Scotia claim. The plaintiffs are seeking leave to appeal to the Supreme Court of Canada. The Manitoba Court of Queen’s Bench unconditionally stayed the corresponding claim brought in Manitoba as an abuse of process. An appeal by the plaintiff from this decision was dismissed by the Manitoba Court of Appeal. The British Columbia Court of Appeal has issued a similar decision. In 2015, the Court of Queen’s Bench of Alberta declined to dismiss the corresponding claim in Alberta. In October 2015, the Alberta Court of Appeal granted our appeal and dismissed the claim in Alberta. The plaintiffs are seeking leave to appeal to the Supreme Court of Canada from the decisions of the Nova Scotia, Manitoba, and Alberta Courts of Appeal. We have not recognized a liability for this contingency.

System Access Fee - British Columbia
In December 2011, a class action was launched in British Columbia against providers of wireless communications in Canada in response to the system access fee wireless carriers charge to some of their customers. The class action related to allegations of misrepresentations contrary to the Business Practices and Consumer Protection Act (British Columbia), among other things. The plaintiffs sought unspecified damages and restitution. In June 2014, the court denied the plaintiffs’ certification application, concluding that there is nothing in the term “system access fee” to suggest it is a fee to be remitted to the government. An appeal by the plaintiffs was dismissed by the British Columbia Court of Appeal in 2015, finding that the conclusion of the trial judge was unassailable. The plaintiffs sought leave to appeal to the Supreme Court of Canada but the Supreme Court of Canada dismissed the leave application. 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.

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 17: SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
(In millions of dollars)	**2016**	2015	**2016**	2015
Accounts receivable	**(96)**	(118)	**(64)**	32
Inventories	**82**	96	**80**	(33)
Other current assets	**54**	33	**(71)**	(91)
Accounts payable and accrued liabilities	**65**	14	**(13)**	(285)
Unearned revenue	**(70)**	(69)	**(17)**	(17)
Total change in non-cash operating working capital items	**35**	(44)	**(85)**	(394)