



**LYA Commentary and ROBTV Interview on
Rogers Communications Inc.'s IVQ 2005 Subscribers Results
released on January 9, 2005**

LYA is pleased to provide the following summary of comments further to Ms. Johanne Lemay's interview with RobTV's Pat Bolland. The interview took place on Monday, January 9, 2006 at 3:33PM. The focus was on Rogers Communications Inc.'s IVQ 2005 results.

1. Overall mobile subscriber additions were lower than in IVQ 2004, by a significant 47K subscribers. It should be first noted that Rogers has met its upwards revised published guidance for net wireless additions with close to 619K net additions for the year. There could be a number of reasons for the decline in net additions compared to IVQ2004, among which the first one could be that Rogers is losing market share and the second one that the overall market growth slowed down in the IVQ of 2005, in spite of the significant advertising campaigns ran by all major mobile carriers. Financial results will tell the full story of how the quarter unfolded. Rogers has been at the forefront of new mobile data services and this, coupled with potential increase in ARPU and discipline related to customer acquisition costs should have a positive impact.

2. Some investors obviously fear that the overall mobile market is losing steam as the shares of Telus were also negatively impacted by the Rogers release. However, this seems premature considering the still relatively low penetration of mobile in Canada (at just over 50%) compared to other countries (over 100% in a number of developed countries).

3. There has been some softness in the Rogers gross additions and subscriber churn numbers for postpaid subscribers in the III Q and IV Q 2005. Gross additions on postpaid have declined by 5% in the IVQ compared to 2004. The postpaid churn increased slightly to 1.57% in IVQ 2005 from 1.50% in IIIQ 05.

4. Interestingly, there is very little difference in net subscriber additions between the IIIQ and IV Q 05, a very different result that what is usually achieved during the Christmas season. Results from the other carriers may eventually confirm if this trend only applies to Rogers or if



consumers are beginning to be slightly less enthusiastic about giving mobile phones as Christmas gifts considering the ever expanding choice of consumer electronic goods being promoted at that time.

5. The total number of wholesale customers reported at year-end 2005 is fairly low, at 107.7K subscribers out of a total base in excess of 6.1Million, even if one considers that the Call Net FIDO subscribers are now being reported as part of the overall Rogers base of subscribers. This does not necessarily bode well for the new entrants in the mobile market either on a resale basis or using the Mobile Virtual Network Operator model. Virgin Mobile has yet to release any data regarding its level of success in Canada which could validate this approach to participate in the mobile market in Canada. 2006 could hopefully be a turning point in the mobile wholesale/MVNO market in Canada.

6. Rogers Cable reported very good results and significant improvements in net additions for all metrics including High Speed Internet net additions. Rogers exceeded its previously published guidance in terms of net additions of HS Internet with a total increase in excess of 208K subscribers for the year. HS Internet (HSI) penetration is a key metric as other services including VoIP ride on the increasing HSI customer base.

7. On the telephony side, net subscriber additions for VoIP in IVQ 2005 were better at 29K versus 18K in the third quarter. However, based on LYA's preliminary analysis, Rogers' VoIP penetration is less than half of what was achieved by Videotron after two full quarters of operation. Rogers however increased its net adds of circuit switched traditional telephony customers to 28.4K, better than the 17.6K achieved in IIIQ 05. This begs the question if Rogers will continue to aggressively promote both its VoIP as well as traditional telephony offerings, especially in Ontario, and for how long?

Please feel free to send us your comments or questions by email at lya@lya.com