

Rogers Communications Inc.

2000 Annual Report



We are in a time of rapid changes in communications, entertainment and information, where the impact of new technology and the shifting tides of consumerism are constant issues.

However, at Rogers, our strategy is built to embrace this change. During 2000, as convergence continued to define the future, we continued to define convergence. Our Cable business solidified its position as the distribution means of choice for digital entertainment and high-speed Internet access. At Rogers™ AT&T® Wireless, we committed to new GSM/GPRS technology that will soon enable our national networks to transmit vast quantities of data using the leading international standard. And our Media group profited from its commanding position as a major Canadian content supplier.

In all our markets, competition is intense. As our financial results show, we are investing aggressively to secure our long-term competitive position while producing stable results. Propelled by strong top-line growth at all operating companies, overall revenues for Rogers increased during 2000 by 12.8% from \$3,107.8 million to \$3,504.2 million. Operating income before depreciation and amortization was \$917.7 million, an increase of 2.7% from \$893.8 million in 1999.

Importantly, in a year when investments in capital expenditures were \$1.2 billion, primarily for cable and wireless upgrades, we managed to maintain our long term debt-to-EBITDA ratio at approximately 4:1. This remains a reasonable level as we move toward investment grade status.

Rogers Wireless took a number of important steps in building for its future. Major changes included a nationwide rebranding, the implementation of a new customer care and billing system and the decision to move to a new network technology. Operating results, however, were mixed – while our gross revenues were up 13%, our operating income fell by 2.7%.

Rogers Wireless has Canada's largest number of wireless customers – approximately 3 million – and the country's most extensive coast-to-coast network coverage, in both analog and digital. In 2000, to ensure our customers have the very latest advances in wireless technology, we committed to a GSM-GPRS network overlay that will be launched during 2001. This will standardize our networks with the largest wireless networks worldwide and enable us to deliver high-speed mobile Internet and data services to the new generation of personal wireless devices entering the market. To meet the higher capacity requirement associated with these new services, Rogers Wireless recently participated in the Canadian spectrum auction, winning licences in every major region of the country.

We also continued throughout 2000 to expand the Rogers Wireless distribution network. Distribution partnerships with Sears Canada Inc., Wal-Mart Canada Inc., Money Mart and London Drugs Ltd. increased our "points of customer contact" from approximately 5,000 in 1999 to more than 6,000 today. In addition, we launched our Rogers e-commerce Internet site – a low-cost means of reaching customers – and experienced a steady increase in sales from this exciting new distribution channel.

Rogers Cable captured a good deal of attention during 2000 as we moved to consolidate our market position in eastern Canada. The year began with our proposed merger with Le Groupe Vidéotron Itée in Quebec. We felt, as did the controlling shareholder of Vidéotron, that there were significant strategic advantages to merging our companies. Ultimately, we abandoned the bidding rather than jeopardize our balance sheet and, consequently, our progress toward investment grade status. Our consolation was a \$241 million termination fee that enhanced our financial flexibility and enabled us to move forward with other plans, including the purchase of Cable Atlantic, a well-equipped system of 75,000 subscribers in Newfoundland, which strengthened our presence in the Atlantic provinces.

Our key strategic move in Cable was the swap of cable assets with Shaw Communications Inc. Each company relinquished and took on roughly 600,000 subscribers, Shaw assuming our assets in British Columbia and Rogers integrating theirs in Ontario and New Brunswick. The end result for Rogers is a more consolidated network of 2.3 million cable customers in Ontario and Atlantic Canada. Our Cable customers now represent approximately 80% of all homes in those regions and, despite strong competition for viewers from satellite providers, we have maintained our subscriber base.

The major benefit to consolidating a market or “clustering” is greater efficiency, including the more efficient selling of new products and services. One of our most successful services is Rogers@Home, the high-speed Internet access over cable. We ended 2000 with more than 312,000 Rogers@Home subscribers, up approximately 70% from 1999.

Digital Choice TV, which was introduced by Rogers Cable in the fall of 1999, attracted over 97,000 new subscribers during 2000 and continues to be a growing source of new revenue. Forty-eight pay-per-view channels are presently available, including many pay-per-view movies, plus 40 channels of uninterrupted digital music. In late 2000, we introduced Interactive TV, which enables customers to access the Internet through their televisions.

Further growth and margin improvement are our goals for Rogers Cable in 2001. As the benefits of our consolidation continue to unfold, we will steadily upgrade those portions of our network not already equipped with two-way services, enabling further sales of Rogers@Home and Digital Choice TV to existing subscribers. A number of new digital channels will be launched in 2001.

Rogers Media had an exceptional year. Our radio network expanded under new legislation allowing multi-licence ownership in metropolitan areas. We increased our ownership of specialty TV channels and broadened our scope of business at The Shopping Channel, Canada's largest TV retailer. Our Internet division – iMedia – developed and launched a number of promising Web sites, many of them powerful redesigns of sites owned by our consumer magazines.

Radio launched Rogers in the 1960s. It remains a cost-effective medium for advertisers and a popular source of information and entertainment for consumers. Under the new regulations, the Rogers group of radio stations has grown from 20 stations in 1997 to 30 stations at the end of 2000 with multiple stations in

Toronto, Ottawa, Vancouver and Calgary. In addition, the Radio division repositioned a number of its newly acquired radio stations and invested in marketing these new formats in 2000. Across Canada, we now reach a total radio audience of about 5.5 million. In Toronto, Rogers radio properties now cover approximately 35% of the total market. In 2000, Radio produced outstanding financial results reflecting the addition of new stations and their successful repositioning.

Revenue at Rogers' wholly owned multilingual/multicultural television station, CFMT Television, has had consistent annual revenue growth since 1997 and CFMT has one of the highest margins in the industry. In November 2000, Rogers, in partnership with other media companies, received four Category 1 licences for digital specialty channels including The Biography Channel and TechTV. We are also the managing partner for The Biography Channel and TechTV.

The Shopping Channel has grown strongly over the past several years, entering the profitable toy retailing market during 2000 with The Alex and Zoe Toy Store, launching the 162-page Fall "Dream Book" catalogue and growing sales steadily from The Shopping Channel Web site.

Rogers Media Publishing is Canada's largest magazine and periodicals publisher with leading magazines such as Maclean's, Canadian Business, Chatelaine, Flare, Today's Parent and MoneySense. We also publish trade periodicals and information products such as Bowdens Media Monitoring, Frasers and CARD. In 2000, Rogers Medical Education Network (U.S.) was merged with Medical Education

Network (U.K.) and Physician's Financial News (U.S.). This is the first strategic move in the formation of an international network of marketing intelligence services for the global pharmaceutical industry.

With iMedia, our Internet group, we continued to grow cautiously while developing or partnering with highly functional sites. Quicken.ca, for example, is the leading personal finance site in Canada. Electric Library Canada is used regularly by more than one million Canadian students. Our most recent addition, Advisor.ca, is a major resource site for financial professionals. One of our great advantages as an integrated media company is the "push" we get from our traditional media. We expect our properties in print, radio and TV to constantly direct audiences toward our Web sites.

During 2001, we intend to grow Rogers Media both organically and through acquisitions while focusing on convergence opportunities. We possess valuable capabilities in news gathering, editorial and data services. That value will continue to grow substantially as we re-purpose the same information across our various mediums.

Rogers Communications Inc. acquired an 80% ownership position in the Toronto Blue Jays baseball club and a 51% interest in the Toronto Phantoms football team in 2000. We believe professional sports teams have a great future, particularly in the hands of an organization like ours with so many cross-promotional opportunities. Rogers Cable, Media and Wireless divisions will promote the Jays and Phantoms through their distribution and content platforms. Likewise, the Rogers brand will be promoted by our sports teams.

Each of our divisions has continued to invest in the technologies needed to win and the growth opportunities needed to create shareholder value. Together, the Rogers Group of Companies comprises a potent mix of strong networks coupled with the communications, entertainment and information Canadians want. No other company in Canada has such a compelling collection of communications, entertainment and information assets. No one else is defining convergence quite so convincingly.

Once again, my thanks go to the employees of all our companies. Managing change effectively in markets of such high growth and shifting opportunity might be exhilarating, but it's never easy. Our people, and the executive team guiding them, are doing a great job. There is a clear sense at Rogers that we are building something unique in Canada, possibly in the world. Its value is growing all the time.

A handwritten signature in black ink that reads "Ted Rogers". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Edward S. Rogers, O.C.
President and Chief Executive Officer
Rogers Communications Inc.

financial review

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financial highlights

Rogers Communications Inc.

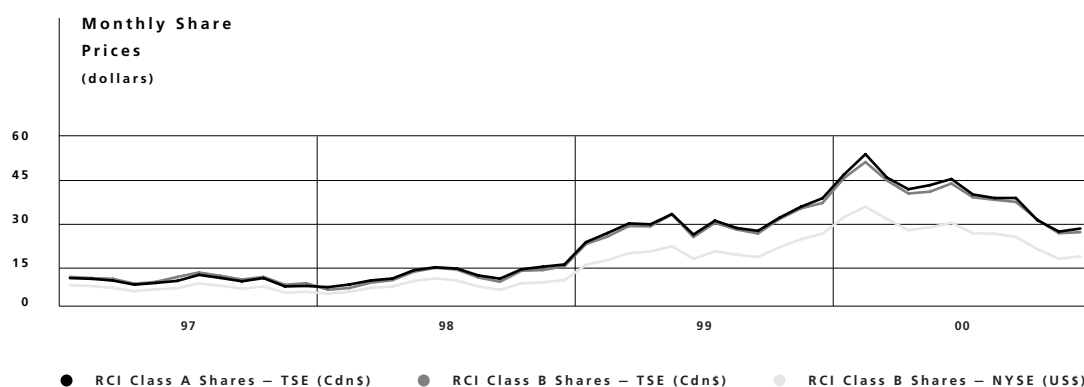
(In millions of dollars, except per share data)
Years ended December 31

	2000	1999
Income Statement		
Revenue	\$ 3,504.2	\$ 3,107.8
Operating profit ¹	917.7	893.8
Net income for the year	141.4	864.7
Loss for the year before non-recurring items	(90.1)	(127.1)
Per Share Data		
Net income for the year	\$ 0.44	\$ 4.41
Loss for the year before non-recurring items	(0.69)	(0.81)
Cash flow from operations ²	3.78	2.61
Changes in Financial Position		
Cash flow from operations ²	\$ 770.8	\$ 495.2
Capital expenditures	1,212.7	832.4
Balance Sheet		
Total assets	\$ 7,866.3	\$ 6,251.5
Fixed assets (net)	4,047.3	3,539.2
Long-term debt	3,957.7	3,595.0
Shareholders' equity	2,416.2	1,351.7

As at December 31

¹ Operating income before integration costs on cablesystems exchange, depreciation and amortization.

² Cash flow from operations before changes in working capital amounts.



management's discussion and analysis

For the purposes of this discussion, the operations of Rogers Communications Inc. ("Rogers" or "the Company") and the financial figures relating to its operations have been reported in three segments: "Wireless", which refers to Rogers' 51% owned subsidiary Rogers Wireless Communications Inc., which operates under the brand name Rogers AT&T Wireless; "Cable", which refers to Rogers' wholly owned subsidiary Rogers Cable Inc.; and "Media", which refers to Rogers' wholly owned subsidiary Rogers Media Inc. This discussion should be read in conjunction with the detailed Consolidated Financial Statements provided on pages 38 to 71 of this report. The financial information presented has been prepared on the basis of Canadian generally accepted accounting principles. Please refer to Note 17 of the Consolidated Financial Statements for a summary of differences between Canadian and United States generally accepted accounting principles.

The following discussion contains forward-looking statements regarding the future performance of the Company. All forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information. Please refer to "Cautionary statement regarding forward-looking information" on page 31 of this report for a further discussion.

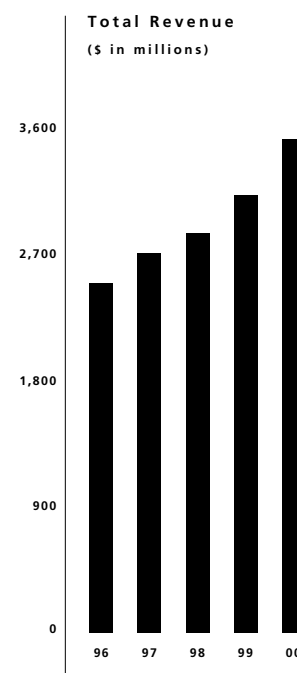
Consolidated financial results

Below are the summary financial results for the years ended 2000 and 1999.

(In millions of dollars)
Years ended December 31

	2000	1999	% change
Revenue			
Wireless	\$ 1,532.1	\$ 1,351.7	13.3%
Cable	1,291.1	1,148.5	12.4%
Media	681.0	607.6	12.1%
Total	\$ 3,504.2	\$ 3,107.8	12.8%
Operating profit¹			
Wireless	\$ 410.9	\$ 422.3	(2.7%)
Cable	457.8	411.2	11.3%
Media	77.4	77.3	0.2%
Corporate	(28.4)	(17.0)	67.3%
Total	\$ 917.7	\$ 893.8	2.7%
Operating profit¹ as a percent of revenue			
Wireless	26.8%	31.2%	
Cable	35.5%	35.8%	
Media	11.4%	12.7%	
Total	26.2%	28.8%	
Capital expenditures	\$ 1,212.7	\$ 832.4	45.7%

¹ Operating income before integration costs on cablesystems exchange, depreciation and amortization.



A. 2000 Overview – consolidated results

Consolidated revenue was \$3,504.2 million in 2000, an increase of \$396.4 million or 12.8% from \$3,107.8 million in 1999. Consolidated operating income before integration costs on cablesystems exchange, depreciation and amortization ("operating profit") was \$917.7 million, an increase of \$23.9 million or 2.7% from \$893.8 million in 1999.

Consolidated operating income before integration costs on the cablesystems exchange, depreciation and amortization as a percentage of revenue ("operating margin") decreased to 26.2% in 2000 from 28.8% in 1999. The operating margin decline was due primarily to lower operating margins at Wireless, while Cable and Media operating margins fell slightly compared to those reported in the prior year.

Integration costs on cablesystems exchange

During the year the Company entered into an agreement to exchange certain Canadian cable television properties with Shaw Communications Inc. ("Shaw"), effective November 1, 2000. The Company exchanged its cable operations in British Columbia, with approximately 623,000 subscribers, for Shaw's cable operations in Ontario and New Brunswick, having approximately 601,000 subscribers. The results presented include ten months pre-exchange and two months post-exchange results.

Costs to integrate the Shaw systems are expected to total approximately \$30.0 million by June 2001, of which \$10.6 million has been expensed in fiscal 2000. The remainder will be expensed as incurred.

Non-operating income and expense

During the year, the Company sold common shares of certain investments, including Canadian Satellite Communications Inc. ("Cancom"), Bid.com International Inc. ("Bid.com"), Liberate Technologies, Inc. ("Liberate"), and Terayon Communications Systems, Inc. ("Terayon"). These sales resulted in pre-tax capital gains to the Company of approximately \$112.5 million in 2000.

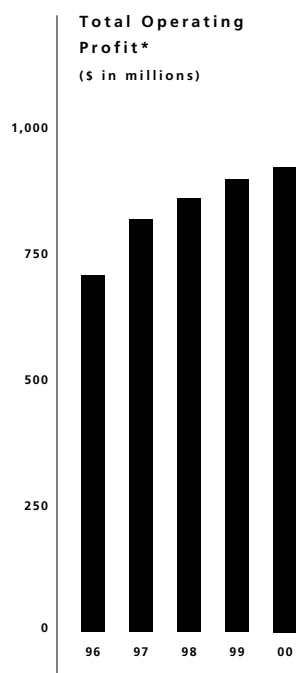
In the third quarter, Rogers received proceeds of \$241 million as a result of the termination of a merger agreement with Le Groupe Vidéotron ltée. The termination payment, less expenses incurred by the Company in connection with the transaction amounted to \$222.5 million, and was reported in income.

Fixed charges

Depreciation and amortization in 2000 increased to \$730.8 million, up 18.0% from \$619.1 million in the prior year. This increase was primarily due to continued extensive capital build programs and the resulting higher fixed asset levels. On January 1, 2000, the Company retroactively changed its accounting method for determining the values ascribed to subscribers and licences acquired in cable television and wireless acquisitions. The Company now values subscribers and licences acquired based on the discounted cash flows expected to be generated by the acquired subscriber base over the estimated relationship period and amortizes the asset on a straight-line basis over the same period. As a result of the change in the valuation method, certain amounts previously allocated to subscribers and licences have been retroactively reallocated to goodwill, with corresponding adjustments to goodwill amortization for prior periods. See Note 1D of the Notes to Consolidated Financial Statements for further details.

As a result of the introduction of new wireless technology planned in 2001, the Company undertook a review of the remaining useful life of certain of its wireless network equipment. Effective January 1, 2001, the Company changed the estimated useful lives of certain network equipment, which will result in an increase in depreciation expense in 2001 of approximately \$25 million.

Interest expense decreased significantly in 2000 to \$359.6 million, a decline of 18.4% or \$81.2 million from \$440.8 million in 1999. This decline is primarily due to lower average debt balances as a result of debt repurchases and repayments made in the latter part of 1999. The weighted-average rate of interest on the Company's long-term debt (total interest expense as a percent of weighted-average debt outstanding) declined slightly from 9.34% in 1999 to 9.11% in 2000.



* Operating income before integration costs on cablesystems exchange, depreciation and amortization.

Net income

Rogers recorded net income of \$141.4 million in 2000, or \$0.44 per share after distributions on preferred and Convertible Preferred securities ("after distributions on preferred"), compared to net income of \$864.7 million, or \$4.41 per share (after distributions on preferred) in 1999. Excluding non-recurring items in both years, Rogers recorded a loss of \$90.1 million, or \$0.69 per share, (after distributions on preferred) in 2000 compared to a loss of \$127.1 million, or \$0.81 per share, (after distributions on preferred) in 1999. In 2000, the weighted-average Class A and Class B common shares outstanding increased to 203.8 million, from 189.8 million in 1999. The number of Shares and Earnings per Share ("EPS") calculations stated above reflect Basic Earnings per Share. Adjusted basic, fully diluted and supplementary fully diluted shares and EPS calculations can be found in Consolidated Statements of Income and in Note 11 of the Notes to Consolidated Financial Statements of this report.

Staffing

As at December 31, 2000, Rogers had approximately 12,700 employees across all of its operating groups, representing an increase of almost 1,100 persons from the levels reported at December 31, 1999. Employment levels increased in all areas of the Company's operations.

Wireless ended the year with 3,703 employees, an increase of 260 from 3,443 at December 31, 1999. Staffing increases were mainly in customer service and collections, sales, technical service and engineering.

Cable ended the year with 5,297 employees, an increase of 466 from December 31, 1999. Approximately half of the increase in employment levels was in Cable's conventional Cable Television division (primarily in customer and technical service areas), and the remainder in the Company's Video Store operations.

Media ended the year with 3,082 employees, an increase of 309 from December 31, 1999. Media added staff in all areas of its businesses except for its television division, but particularly in the publishing division as the result of acquisitions.

The corporate office and the Company's shared services groups, Rogers Shared Services ("RSS"), increased employment levels by approximately 34 persons in 2000, ending the year with 599 employees between the two divisions. Total remuneration paid to employees (both full and part-time), before capitalization, in 2000 was \$603 million, an increase of \$79 million or 15.1%, from \$524 million in the prior year.

B. Segmented operations review

B.1 Wireless

2000 Overview – Wireless

For purposes of this discussion, revenue figures have been segmented into “Wireless Voice Services”, “Equipment Sales” and “Messaging and Data Services”.

Wireless

(In millions of dollars)
Years ended December 31

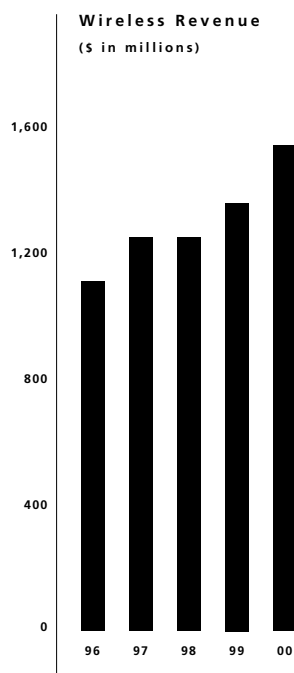
	2000	1999	% Change
Revenue			
Wireless Voice Services	\$ 1,269.8	\$ 1,121.7	13.2%
Equipment Sales	201.6	178.2	13.1%
Messaging and Data Services	60.7	51.8	17.2%
Total	\$ 1,532.1	\$ 1,351.7	13.3%
Operating profit¹	\$ 410.9	\$ 422.3	(2.7%)
Operating profit ¹ as a % of revenue	26.8%	31.2%	
Capital expenditures	\$ 526.0	\$ 401.0	31.2%

¹ Operating income before depreciation and amortization.

Total revenue increased \$180.4 million or 13.3% to reach \$1,532.1 million in 2000 compared to \$1,351.7 million in 1999. Wireless operating profit was \$410.9 million, a decrease of \$11.4 million or 2.7% from the \$422.3 million achieved in 1999. Operating profit as a percentage of revenue (“operating profit margin”) also declined in 2000 to 26.8% from 31.2% in 1999.

In November 2000, responding to the expected increased demand for wireless data services, Wireless, along with its partner AT&T Wireless Services Inc. (“AT&T Wireless”), announced a three-phase approach to deploy a third generation wireless network that will be capable of offering high-speed integrated wireless voice and data transmission services.

In January 2001, Industry Canada began an auction for 62 digital PCS licences in the 1.9 GHz frequency band in 16 regions in Canada. Currently, Industry Canada regulations limit wireless service providers in Canada to holding a maximum of 55 MHz of spectrum. Given that Wireless held 35 MHz of spectrum nationally at the beginning of the auction, it was eligible to bid for up to 20 MHz of spectrum in each region. At the close of the auction on February 1, 2001, Wireless had successfully bid for additional spectrum in all major regions in Canada, obtaining 20 MHz of spectrum in southern Quebec, Alberta, British Columbia, the Midwest and the Atlantic Provinces, and 10 MHz of spectrum in southern Ontario. The total cost of the additional spectrum was \$394 million and is being funded entirely with contributions from existing shareholders.



Revenue

Wireless separates its revenues into the following categories: (1) wireless voice services; (2) equipment sales; and (3) messaging and data services. Revenue from wireless voice services, which encompasses both our digital and analog voice services, includes (a) monthly basic service fees; (b) airtime usage and long-distance charges; (c) optional service charges; (d) system access fees; and (e) roaming charges. Equipment sales revenue is derived from the sale of hardware and accessories to independent dealers and agents. Messaging and data services revenue is derived from monthly service fees and usage charges.

Wireless voice services revenue

Wireless voice services revenue in 2000, which accounted for 83% of total revenue, totalled \$1,269.8 million, a \$148.1 million or 13.2% increase from 1999. This increase reflects a year-over-year increase in the average number of wireless voice subscribers of approximately 380,000 from 1999, offset by a \$2.72 decline in monthly average revenue per user ("ARPU"). Although wireless voice services revenue increased during the year, the trend towards lower overall monthly ARPU continued. Monthly ARPU in 2000 was \$46.13, down 5.6% from \$48.85 in 1999. This trend in monthly ARPU is primarily attributable to a significant increase in the proportion of our subscribers that subscribe to our prepaid wireless service, from 13.5% of our total wireless voice subscriber base in 1999 to 18.6% at the end of 2000. In addition, prepaid wireless voice service accounted for 174,900 or 48.5% of the net additions in the year as compared to 41.2% in 1999. ARPU for prepaid service subscribers is typically lower than that for postpaid service subscribers, and prepaid monthly ARPU averaged \$10.08 in 2000 versus the average postpaid monthly ARPU of \$52.66 in 2000. Monthly ARPU for postpaid subscribers was \$52.66, down only \$0.31, or 0.6%, from \$52.97 in 1999. Year-over-year postpaid ARPU remained stable, as Wireless' pricing strategy was to provide additional minutes under its service plans rather than reduce price. As a result, average monthly airtime usage per postpaid subscriber increased to 263 minutes in 2000 from 216 minutes in 1999.

Equipment sales revenue

In 2000, revenue from equipment sales was \$201.6 million, up \$23.3 million, or 13.1%, from the prior year. Equipment is sold to Wireless' independent dealers and agents, generally at cost. The increase in equipment revenue reflects higher gross additions of subscribers and a higher proportion of digital handsets versus lower priced analog phones.

Messaging and data services revenue

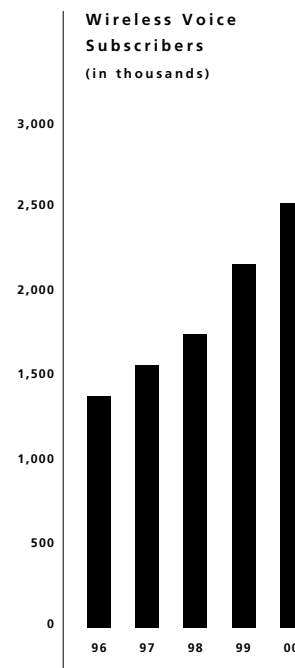
Messaging and data services revenue was \$60.7 million in 2000, an increase of \$8.9 million or 17.2% from 1999. Wireless ended the year with 444,000 messaging and data subscribers, which is a decrease of 8,000, or 1.8%, from 1999. A decline in the number of subscribers to one-way paging services offset increased subscriptions to the higher value two-way BlackBerry Wireless Handheld™ ("BlackBerry") messaging service. Average monthly churn for messaging and data service subscribers in 2000 was 2.99%, up from 2.59% in 1999.

Sales and marketing

In terms of sales performance, Wireless had a strong year with gross additions of 907,600 wireless voice subscribers up 108,700, or 13.6%, from the prior year. These results were offset by an increase in the average monthly churn rate for postpaid subscribers to 2.36% versus 1.86% in 1999. This resulted in net additions of wireless voice subscribers of 360,800, down 54,600, or 13.1%, from the prior year. Prepaid wireless voice subscribers accounted for 174,900, or 48.5%, of the net additions in the year as compared to 41.2% in 1999. Wireless voice subscribers at year-end totalled 2,514,000, of which approximately 1,467,000, or 58.3%, were using digital service, an increase from 41.1% at the end of 1999.

Wireless launched a number of new service plans in 2000 focused on promoting value and mitigating competitive pricing activity. "Your Plan™", which enables customers to customize their minute buckets and optional services, was launched in August 2000. In 2001, Wireless expects to offer additional services and options to customers similar to "Your Plan" in order to take advantage of the pricing flexibility made possible by the customer care and billing system.

In 2000, Wireless continued to expand its retail distribution network by adding Sears Canada Inc., Wal-Mart Canada Inc., National Money Mart Company and London Drugs Ltd. as retail partners. Wireless markets its services through an extensive network of dealer and retail locations that includes over 6,000 points of distribution nationally. Wireless has a strategic distribution alliance with RadioShack Canada Inc. that provides it with an exclusive distribution outlet in over 500 locations across Canada. The exclusive arrangement with RadioShack to operate Wireless' mall stores continued to produce consistent results throughout 2000. In 2000, the Company launched its e-business Internet site, which acts as an on-line sales channel directly to consumers. The Internet site offers wireless, cable and video products and services from the Rogers Group of Companies, as well as certain magazine publications of Rogers Media. The Company also intends to expand the Web site in the future to offer administrative services to its subscribers, such as on-line bill presentment and payment, and account information updates. Finally Wireless intends to launch a dealer extranet that will provide its dealers with on-line access to information regarding products, services and processes.



In January 2000, Wireless changed its brand name from "Cantel AT&T" to "Rogers AT&T Wireless" in order to develop a new logo and brand identity shared with the Rogers Group of Companies. The Company provides our wireless services under the co-brand of Rogers AT&T Wireless.

Wireless estimates that its wireless voice services penetration of the population served in Canada reached 8.8% at December 31, 2000 as compared to 7.6% at the end of 1999.

Customer care and billing

In 1998, Wireless contracted with an affiliate of Amdocs Ltd. ("Amdocs"), a leader in telecommunications billing and customer care software development, to purchase and implement a new billing and customer care system. The Amdocs platform was chosen because of its ability to allow for the pricing, billing and servicing of multiple product lines with an easy-to-use graphical interface allowing for efficient customer handling. Wireless began the process of converting a small group of wireless voice subscribers to the new customer care and billing system in March 2000. This was followed by regional conversions in April and June 2000. In August 2000, Wireless converted the remaining wireless voice subscribers to the new system.

Challenges arising from the final conversion included slower than anticipated system response times and delayed invoice delivery and receivables collection. These difficulties adversely affected call handle times and volumes, customer service and credit and collection costs, and consequently Wireless' ability to maintain customer service targets during the third and fourth quarters.

Wireless estimates that in 2000, the direct incremental costs of implementing the customer care and billing system, including additional training and the indirect incremental costs, and increased call volumes and increased outsourcing costs, totalled approximately \$25 million. While Wireless believes that these conversion issues are largely resolved, it will maintain a number of additional customer service personnel for the first few months of 2001 to facilitate continued improvement of customer service levels.

Customer satisfaction and retention

In addition to actively pursuing new subscribers, Wireless continues to focus on retaining its existing subscriber base. Wireless is currently implementing a number of new initiatives to increase subscriber satisfaction with its service and therefore reduce churn. Wireless believes that its wireless voice and data subscriber base, which is in excess of 2.9 million, is a key asset and that it is necessary to take steps to ensure continued subscriber satisfaction and loyalty. As the cost to acquire a new subscriber is much higher than the cost of maintaining an existing subscriber, Wireless believes that maintaining its current subscriber base will drive its profitability.

Average monthly wireless voice postpaid churn in 2000 was 2.36%, substantially higher than 1.86% in 1999, with significant increases in the latter part of the year. Churn levels were highest among subscribers whose average revenue per month was below \$50, and lowest among subscribers on our "One Rate" plans whose average revenue per month was over \$100. Churn levels were also higher for analog subscribers than for digital subscribers.

Wireless believes that the primary reasons for the high level of churn in 2000 were a combination of the following:

- Difficulties in managing the contract renewal process with subscribers, including failing to contact subscribers prior to the end of their subscription contract;
- Challenges arising from the final conversion of our new customer care and billing system, which resulted in a temporary deterioration in customer service levels and customer satisfaction; and
- Strong competitive offerings, including attractive pricing and promotions as well as different handsets, attracted its subscribers to its competitors.

Wireless views the reduction of churn as a priority and has initiated and is developing a number of programs that aim to reduce customer deactivations.

Wireless has implemented a subscriber retention program and subscriber save program. The retention program is a handset replacement program, whereby a subscriber, based upon eligibility criteria, is offered a new handset at a price which is as good as, or better than, Wireless' current offers for new subscribers. The subscriber save program offers a lower cost price plan, a handset upgrade or free service options in order to prevent subscribers from deactivating. Since churn for digital subscribers is significantly lower than that of analog subscribers, all upgraded handsets are digital. Wireless believes these programs are an effective way to migrate its subscriber base from analog to digital service.

Operating expenses

In 2000, Wireless combined its wireless voice services operations with those of messaging and data services and accordingly, began reporting items such as operating expense, sales and marketing expense per wireless gross addition and average monthly operating expense per wireless subscriber on a combined basis only.

Total Wireless operating expenses (including cost of sales) totalled \$1,121.1 million in 2000, an increase of \$191.7 million or 20.6% from 1999. This increase was largely due to increases in sales and marketing expenses and customer care expenses including credit and collections costs. Sales and marketing expenses were \$465.6 million, an increase of \$89.3 million or 23.7% from \$376.3 million in 1999. Sales and marketing expenses per wireless subscriber gross addition was \$441, an increase of \$50, or 12.8%, from \$391 in 1999.

The increase in sales and marketing expenses was driven by: (1) higher subscriber acquisition costs; (2) increased retention costs; (3) increased residual payments; and (4) greater spending on advertising. Acquisition costs, which include costs such as hardware and dealer commissions, increased \$35.7 million, or 22.4%, from 1999, due to an additional 108,700, or 13.6%, gross voice subscriber additions in 2000 as compared to 1999.

Total operating expenses before sales and marketing costs were \$655.5 million in 2000, an increase of \$102.4 million, or 18.5%, from 1999. This increase reflects additional costs in customer service, credit and collections and information technology from the implementation of the customer care and billing system, as well as variable costs in support of the 23.9% increase in the average number of subscribers in 2000 compared to 1999. Average monthly operating expense per subscriber, excluding sales and marketing costs, was \$14 per month in 2000, compared to \$15 in 1999. Excluding the estimated \$25 million direct incremental operating costs incurred from the implementation of our customer care and billing system, average monthly operating expense per subscriber, excluding sales and marketing expenses, would have been \$13 in 2000.

Operating profit

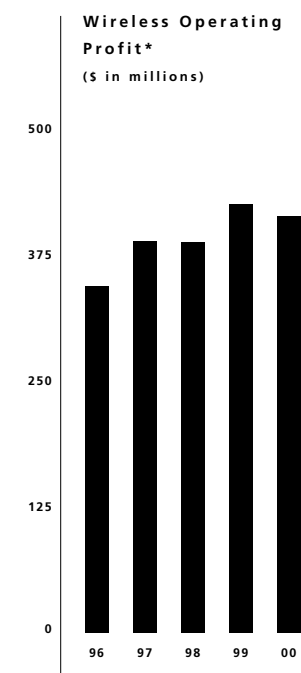
Operating profit was \$410.9 million in 2000, a decrease of \$11.4 million or 2.7% from \$422.3 million achieved in 1999. Operating profit as a percentage of revenue, or operating profit margin, also declined in 2000, to 26.8% from 31.2% in 1999. Operating profit before sales and marketing costs was \$876.5 million in 2000, an increase of \$77.9 million, or 9.8%, from \$798.6 million in 1999. Operating profit before sales and marketing costs as a percentage of revenue was 57.2% in 2000, as compared to 59.1% in 1999.

Capital expenditures

Capital expenditures totalled \$526.0 million in 2000, an increase of \$125.0 million or 31.2% from \$401.0 million in 1999. Network related capital expenditures in 2000 totalled \$358.0 million, of which approximately 32% related to capacity expansion of the cellular network. The remaining 68% of network spending pertained mostly to (1) the construction of new sites, substantially all as "in-fill" sites for improved coverage in existing coverage areas and sites for new coverage and (2) various network optimization and upgrade projects. The remaining capital expenditures of \$168.0 million represent expenditures of (1) \$76.2 million on Wireless' new customer care and billing system, (2) \$48.4 million on information technology initiatives and (3) \$43.4 million relating to the building of new call centres, retail stores and the upgrading of existing office facilities.

Wireless added 217 new cell sites to the network in 2000. With these additional sites, the Company has continued to construct the infrastructure necessary for higher quality digital coverage and rapid and lower cost incremental capacity, in most cases by adding only channels on existing sites.

Wireless currently expects capital spending for 2001 to range between \$650 and \$690 million, excluding \$394 million in costs associated with Wireless' recent acquisition of additional spectrum. Of this amount, approximately \$550 million is expected to be applied to continued network development as Wireless builds its third generation network. In 2001, this build out will consist mostly of its rollout of the GSM-GPRS platform and the construction of additional "in-fill" sites. The remainder of capital expenditures budgeted for 2001 comprises mostly continued investments in information technology projects, expansion of Wireless' headquarters complex in Toronto and additional call centre expansion.



* Operating income before provision for restructuring and asset writedowns, depreciation and amortization.

Risks and uncertainties

New competitive entrants and aggressive pricing have reduced Canadian wireless communications pricing to among the lowest in the industrialized world. Wireless believes that competitive pricing is a factor in causing churn. Wireless cannot predict the extent of further price reductions and customer churn into 2001, but anticipates some re-pricing of its existing subscriber base, as new lower pricing is offered to customers when their term contracts come to an end.

Wireless cannot anticipate what impact new wireless communications services and lower prices will have on overall market growth. Wireless will compete vigorously for all customer segments and in all markets based on the strengths of its extensive networks and broad digital services coverage, strong brands and broad distribution.

Until recently, only long-distance service providers (including wireless voice service providers) were required to make contribution payments to subsidize the cost of providing local exchange service. However, in 2000 the Canadian Radio-television and Telecommunications Commission ("CRTC") dramatically changed the contribution regime. All telecommunications carriers including Wireless are required to remit contribution payments based on a percentage of revenue. Paging and retail Internet-related revenues are not contribution-eligible. Effective January 1, 2001, the payments are set at 4.5% of annual revenue. The rate is expected to decline in 2002. A Review and Vary application has been filed with the CRTC by Bell Canada, requesting that the rate for 2001 be set at 2.7% for carriers, except wireless, and at 1.5% for wireless carriers. The Company intends to pass this cost through to the customer with increased monthly fees that may result in increased churn.

B.2 Cable

2000 Overview – Cable

For purposes of this discussion, the financial results of Cable have been divided into two categories: "Cable Services" and "Video Stores". Cable Services includes the results of U.S. and Canadian cable operations. Cable Services includes basic cable service, tier service, digital cable service, high-speed Internet service ("Rogers@Home"), digital and analog converter rental, pay television, pay-per-view, installation and access fees. The discussion below also includes "Core Cable TV", which is a subset of Cable Services that excludes the results of the high-speed Internet service.

Cable entered into an agreement with Shaw Communications Inc. ("Shaw") to exchange certain Canadian cable television properties effective November 1, 2000. Cable exchanged its operations in British Columbia, with approximately 623,000 subscribers, for Shaw's cable operations in Ontario and New Brunswick, having approximately 601,000 subscribers. The results presented reflect ten months pre-exchange and two months post-exchange.

Cable

(In millions of dollars)
Years ended December 31

	2000	1999	% change
Revenue			
Cable Services	\$ 1,091.7	\$ 970.7	12.5%
Video Stores	203.6	181.0	12.5%
Interdivisional eliminations ¹	(4.2)	(3.2)	31.1%
Total	\$ 1,291.1	\$ 1,148.5	12.4%
Operating profit²			
Cable Services	\$ 443.3	\$ 398.7	11.2%
Video Stores	14.5	12.5	15.8%
Total	\$ 457.8	\$ 411.2	11.3%
Operating profit² as % of revenue			
Cable Services	40.6%	41.1%	
Video Stores	7.1%	6.9%	
Total	35.5%	35.8%	
Capital expenditures³	\$ 650.3	\$ 413.5	57.3%

¹ Intercompany eliminations represent bill payment processing fees and other transactions included in Video Stores revenue and Cable Services operating expense in both years.

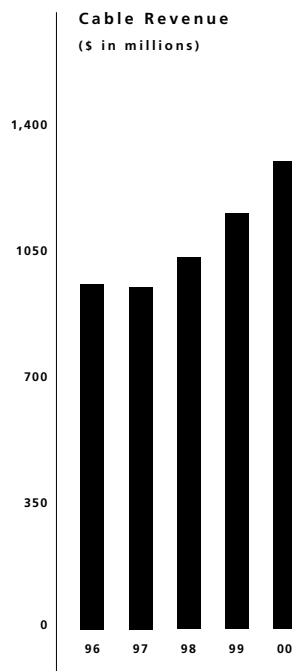
² Operating income before integration costs on cablesystems exchange, depreciation and amortization. Video Stores operating profit is net of videocassette depreciation.

³ Excluding videocassette purchases.

Revenue

Cable's revenue (including that of Video Stores) totalled \$1,291.1 million in 2000, an increase of \$142.6 million or 12.4% from \$1,148.5 million in the prior year. Cable Services revenue was \$1,091.7 million, an increase of \$121.0 million or 12.5% from \$970.7 million in 1999. This increase in Cable Services revenue is due primarily to the following:

- The successful Rogers@Home high-speed Internet service contributed over half of the increase in Cable Services revenues. During 2000, 154,000 Rogers@Home customers were added through sales activity, while Cable received approximately 28,000 fewer customers on the cablesystems exchange, bringing the total high-speed Internet service customer base to 312,300. The success of the Rogers@Home product with customers was supported in 2000 by the continued growth of multiple sales channels, including a retail store presence, Internet site sales as well as traditional Cable sales and marketing channels. As is the case with many rapidly growing new services, Rogers@Home experienced intermittent service problems during 2000. These issues are being remedied and have not had a negative impact on sales.
- Tier revenue increased 13.8% over the prior year's levels, despite a decline of 32,700 tier customers during the year and a further reduction of approximately 8,100 customers on the cablesystems exchange. This revenue increase is due to a \$1.74 per month rate increase on all three tiers in most licenced areas, effective January 1, 2000, and the full-year effect of a \$1.00 rate increase effective March 31, 1999. Improved penetration of the highest revenue tier – tier three – also assisted in improving revenue. During 2000, over 76,300 additional customers subscribed to tier three while approximately 132,600 tier three customers were lost on the cablesystems exchange. The effect of these changes increased the average monthly tier revenue per tier customer to \$15 in 2000, up \$2 from \$13 in 1999.
- Basic cable service revenue increased 1.3% over the prior year's levels, primarily due to the effect of a \$0.15 per month rate increase on basic cable service effective January 1, 2000. Innovative and aggressive sales programs resulted in a gain of 4,800 basic cable customers during the year despite increased competition. In addition, Cable received approximately 21,600 fewer basic customers on the cablesystems exchange. Cable ended the year with 2,219,400 basic cable customers.
- In November 1998, Cable introduced the VIP membership program. VIP was the first step into the concept of cross-selling services and products from within the Rogers Group of Companies and its business partners. In return for subscribing to tier three along with extra outlets, VIP members receive discounted pricing on Cable TV service, Rogers@Home high-speed Internet service, Rogers Video rentals, Rogers AT&T Wireless services, magazine subscriptions, RadioShack brand merchandise and more. During 2000, 114,300 VIP customers were added through sales activities, while 143,400 VIP customers were lost on the cable-systems exchange, bringing the total number of VIP customers to 359,400. The VIP program is a key contributor to the continued growth of tier three penetration levels.
- The introduction of Rogers Digital Cable in mid-1999 and its strong growth in 2000 has resulted in a 24.5% increase in converter rental revenue and a 38.6% increase in pay-per-view revenue. At December 31, 2000, Cable had deployed over 201,000 digital set-top boxes in 172,100 digital households.
- These revenue increases were slightly offset by a decrease in service installation revenue. This decrease of 3% is due in part to proactive acquisition campaigns, in response to the competitive environment, that fostered the successful basic cable, tier three, VIP and Digital growth rates.



The net effect of the above was an increase in monthly revenue per Cable customer (excluding high-speed Internet service and Video Stores operations) of \$2 or 6.4%, to \$36, as compared to \$34 in 1999.

Operating costs

During 2000, Cable operating costs (including that of Video Stores) increased by \$96.0 million or 13.0% over 1999. The increases are summarized as:

- Core Cable TV increased \$52.5 million or 10.1% due to an increased focus being placed on customer service activities as well as on sales and marketing programs combined with increases in program supplier fees. Cable enhanced its customer service in 2000 by investing in additional staff to provide increased service levels in the call centres as well as implementing three-hour service and installation appointment windows. Cable also embarked on a successful sales and marketing and customer acquisition campaign that escalated operating costs in 2000, but will return future revenue streams. Notwithstanding these customer support initiatives, Cable continues to achieve operational efficiencies through process improvement initiatives.
- Rogers@Home high-speed Internet service costs increased by \$23.9 million or 46.0% due to the continued rapid growth in customers in this sector of the business. The growth in costs is substantially lower than the 142% growth in revenues due to the synergies gained with the Core Cable TV business.

Operating profit

Cable's operating profit (including that of Video Stores) increased to \$457.8 million in 2000, up from \$411.2 million in the prior year. Cable Services operating profit was \$443.3 million in 2000, an increase of \$44.6 million or 11.2% from \$398.7 million in 1999. Cable Services operating profit margin was 40.6% in 2000 down slightly from 41.1% in 1999. Rogers@Home generated an operating profit of \$35.5 million and an operating profit margin of 31.9% in 2000 compared to an operating loss of \$5.9 million in 1999.

Video Stores

Video Stores continued its strategy of aggressively opening new stores in an effort to strengthen its presence, primarily in Cable's licenced service areas, by increasing its store count to 241 stores, compared to 227 at December 31, 1999. Video Stores' revenue in 2000 was \$203.6 million (including intercompany transaction fees), an increase of \$22.6 million, or 12.5%, from \$181.0 million in the prior year. Total revenue from the same stores (those open for the full year in both years) increased by 8.8% in 2000. Video Stores' operating costs increased by \$20.6 million or 12.2% related to the increase in new stores as well as the increased costs associated with the revenue share programs used to increase product availability.

Video Stores' operating profit was \$14.5 million in 2000, an increase from \$12.5 million in 1999. Video Stores' operating profit margin rose to 7.1% in 2000, from 6.9% in 1999.

Capital expenditures

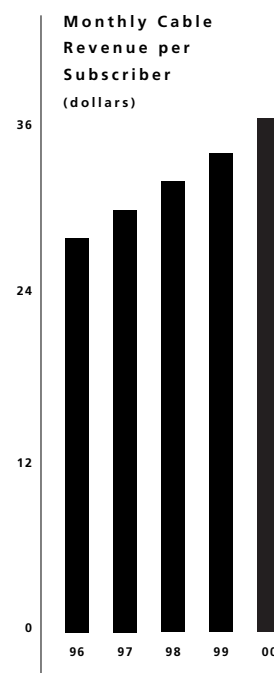
Capital expenditures at Cable (including that of Video Stores) in 2000 totalled \$650.3 million. This amount was higher than expected due to the success of Rogers Digital Choice TV and Rogers@Home, which in both cases require Cable to invest capital in subscriber equipment and specialized network equipment in order to deliver these services. Capital expenditures in 2000 were in the following categories: approximately 52% was for network projects such as rebuild, new area build and head-end equipment; approximately 28% was for general network projects including digital cable network and subscriber equipment, and general information technology projects; approximately 19% was for Rogers@Home subscriber and other related equipment and installation costs; and the remainder was for Video Stores and for general use.

At December 31, 2000, approximately 84% of homes passed by Cable were two-way capable. This is down from the 92% reported at December 31, 1999, due to the difference in two-way capability in the cablesystems exchanged with Shaw. In 2000, Cable embarked on an ambitious program to further enhance the network. These enhancements, planned to be substantially complete by 2003, will be based on a fibre-to-the-feeder architecture with no more than five amplifiers in cascade and an average node size of 700 homes. All new equipment used will be capable of at least 860 MHz of downstream capacity. The objective of this project is to provide a network capable of supporting a rich and diverse service offering, including Interactive TV, Video on Demand, Residential and Commercial Internet service and potentially a Telephony product for residential customers.

Total capital expenditures for 2001 are currently budgeted to range between \$630 and \$680 million, excluding videocassette purchases. Approximately 56% of this amount is expected to relate to network capital projects, 12% for signal digitization and subscriber equipment, 15% for Rogers@Home (primarily subscriber equipment) and the remaining amount for information technology and general projects.

Risks and uncertainties

Technological, regulatory and public policy trends have led to a more competitive environment for cable television service providers in Canada. Cable faces competition, from a variety of alternative distribution services, including Direct To Home Satellite ("DTH"), Satellite Master Antennae Television Systems ("SMATV") and Multi-Channel, Multi-Point Distribution Systems ("MMDS"), as well as telephone companies ("the Telcos").



Cable has responded to this competition through a combination of increasing analog channel capacity in its systems to allow customers to receive a compelling package of cable television programming services at a reasonable cost, and the introduction of a range of digital programming services under the Digital Choice TV brand. Cable believes it can compete effectively with either terrestrial or satellite-based service providers, provided the terms and conditions of competition are consistent for all participants, which appears to be the intent of Canadian government policy-makers and the CRTC.

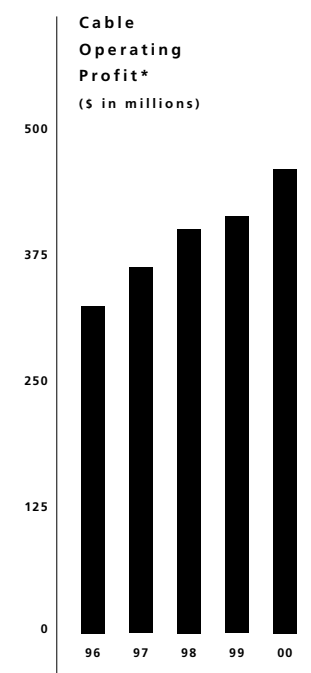
An increasing component of Cable's capital expenditures is in support of a series of new business opportunities. These businesses include Rogers@Home, Digital Choice TV, Video on Demand and other Enhanced Services that require advanced subscriber equipment. A substantial component of the capital required that supports these businesses will be demand driven. As a result, forecasting capital expenditure levels for Cable will likely become less precise.

In November 2000, the CRTC licensed 21 new Category 1 television channels (16 English and 5 French), which are to be carried on digital distribution platforms. These services will be launched in September of 2001. In addition, the CRTC licensed over 250 Category 2 channels, which may be carried at Cable's option. Cable's Digital Choice TV service is already being received by a large number of Cable subscribers. The launch of the new services will provide an opportunity to increase Digital Choice TV sales.

The CRTC has approved cost-based rates for Cable's high-speed Internet Third Party Access service. The rates allow Rogers to receive \$21 per end-user when Internet Services Providers ("ISPs") use the Cable network to access their customers. Other connection and installation charges also apply. Until competing Internet service providers have access to high-speed access services pursuant to the tariff, cable operators such as Cable have been directed by the CRTC to provide access to their distribution systems to other Internet service providers for resale at a 25% discount off the lowest retail rate charged by the cable operator for these services.

Cable requires access to support structures (poles and conduits) and municipal rights of way in order to deploy its facilities. Cable enters into contracts with municipalities and support structure owners in order to secure access. Where access cannot be secured, Cable, as a Broadcast Distribution Undertaking ("BDU"), may apply to the CRTC to obtain a right of access under the Telecommunications Act. Cable and other Ontario cable operators were not able to reach an agreement with most Ontario municipal hydroelectric companies for pole access following the termination of their previous agreement in December 1996 and filed an application with the CRTC to gain access to the support structures. In September 1999, the CRTC granted cable operators the right to access poles on the same terms and conditions as are set out in the individual expired agreements, and at a fixed rate of \$16 per pole per year. The municipal hydroelectric companies have launched an appeal of the CRTC's decision in the Federal Court of Appeal. If successful, this court challenge could remove the ability of the CRTC to regulate access to hydroelectric poles, which could lead to higher rates for pole access.

The CRTC has also initiated a proceeding to consider the appropriate terms and conditions, including rates of access to municipal property in the City of Vancouver. The CRTC's decision in this proceeding was released January 2001. The decision is generally favourable to the rights of BDUs to obtain access to municipal rights of way at cost-based rates. An appeal by the municipalities is expected.



* Operating income before integration costs on cablesystems exchange, provision for restructuring and asset writedowns, depreciation and amortization.

B.3 Media

For discussion purposes, Media's financial figures have been segmented into "Publishing", "Radio", "Television", "The Shopping Channel" ("tSc") and "iMedia". Publishing includes the Company's consumer and business publications, as well as its database and trade show businesses. Radio includes 30 radio stations, TV Guide Listings and its 50% share in Canadian Broadcast Sales ("CBS"). Television is CFMT-TV. The Shopping Channel is Media's televised home-shopping service. iMedia includes all of Media's Internet-related businesses.

Media

(In millions of dollars)
Years ended December 31

	2000	1999	% change
Revenue			
Publishing	\$ 302.9	\$ 279.2	8.5%
Radio	141.8	113.3	25.2%
Television	54.1	50.4	7.3%
The Shopping Channel	176.7	161.6	9.4%
iMedia	6.3	3.1	102.5%
Eliminations	(0.8)	—	—
Total	\$ 681.0	\$ 607.6	12.1%
Operating profit (loss)¹			
Publishing	\$ 30.6	\$ 28.8	6.6%
Radio	39.4	29.2	34.6%
Television	13.9	13.7	1.4%
The Shopping Channel	17.4	17.0	2.4%
iMedia	(15.9)	(6.3)	(152.4%)
Corporate	(8.0)	(5.1)	(56.7%)
Total	\$ 77.4	\$ 77.3	0.2%
Operating profit¹ as a % of revenue			
Publishing	10.1%	10.3%	
Radio	27.8%	25.8%	
Television	25.7%	27.2%	
The Shopping Channel	9.8%	10.5%	
Total	11.4%	12.7%	
Capital expenditures	\$ 34.1	\$ 18.2	86.7%

¹ Operating income (loss) before depreciation and amortization.

2000 Overview — Media

Total revenue for Media was \$681.0 million in 2000, an increase of \$73.4 million or 12.1% from \$607.6 million in 1999. Revenue growth was driven by growth in the Radio division with revenue growth of 25.2%. Total operating profit was \$77.4 million in 2000, a slight increase over 1999 due to increased operating losses in iMedia. Excluding the operating losses in iMedia in both years, Media operating profit was \$93.3 million, an increase of \$9.7 million or 11.6% from \$83.6 million in 1999.

Publishing

Publishing revenue was \$302.9 million in 2000, an increase of \$23.7 million or 8.5%, from \$279.2 million in 1999. Revenue growth was achieved both organically and through acquisitions.

Consumer magazines accounted for over half of our publishing revenues. Despite a slight decline in circulation revenues and the discontinuation of our Modern Woman magazine, revenues from consumer magazines increased by \$2.3 million over 1999. This increase was led by the Women's Group, Chatelaine and Flare, which experienced an 8.7% increase in revenue. The News & Business Group experienced a 4% increase in revenue led by strong results from Canadian Business and MoneySense.

The strongest area of revenue growth in 2000 for Publishing was from Trade and Professional Publications. In addition to over 30 regular-frequency professional and trade publications, this group consists of other non-traditional publishing businesses including Bowdens Media Monitoring, a national

print and broadcast media monitoring business, and Medical Education Network, a medical database business serving the pharmaceutical industry. Excluding acquisitions in 2000, Trade and Professional Publications increased revenue by \$12.4 million.

During 2000, Publishing completed a number of acquisitions, including the expansion of Medical Education Network into Europe, Physician's Financial News ("PFN") and two smaller acquisitions in the media monitoring business. These acquisitions contributed \$9 million of revenue to Publishing.

Paper prices for coated magazine stock continued to rise in 2000 with a 5.3% price increase in January and an additional 5.2% increase in March. Paper prices remained stable for the remainder of the year, but there is no certainty that this will continue.

Publishing operating profit was \$30.6 million in 2000, an increase of \$1.8 million or 6.6% from \$28.8 million in 1999. Operating profit as a percent of revenue remained stable at 10.1%.

Radio

Radio grew significantly in 2000 due to the 1999 acquisitions of new radio stations. Radio revenue grew by \$28.5 million in 2000, with \$7.8 million in growth coming from existing stations and \$20.7 million coming from acquisitions. Operating profit was \$39.4 million, an increase of \$10.2 million, and operating margins improved 2.0% to 27.8% in 2000. Improved performance in Radio resulted from new multiple licence ownership rules that allowed the acquisitions, the "clustering" of stations in a market and converting AM stations to FM.

Radio performance in the Toronto market was very strong with Rogers' three Toronto radio stations, CHFI FM98, KISS 92 and 680News, achieving a \$13 million or 33% revenue increase from 1999. CHFI FM98 retained its No. 1 overall position in the Toronto market and annual revenue was the best in its history. KISS 92, in its first full year since its relaunch as a Contemporary Hits station, experienced a strong year and 680News saw operating profits increase by 42.9%. Radio stations in Calgary and Ottawa also experienced strong annual revenue growth of 44% and 57%, respectively.

In the latter half of the year, Media converted three stations from AM to FM and changed the stations programming formats. Initial research undertaken by Radio indicates that these new formats are performing well. Two more AM stations have received CRTC approval to convert to FM and will be launched in the first quarter of 2001. Media expects that when all conversions are complete Radio will have gone from 16 FM stations and 14 AM stations, to 21 FMs and 9 AMs.

Television

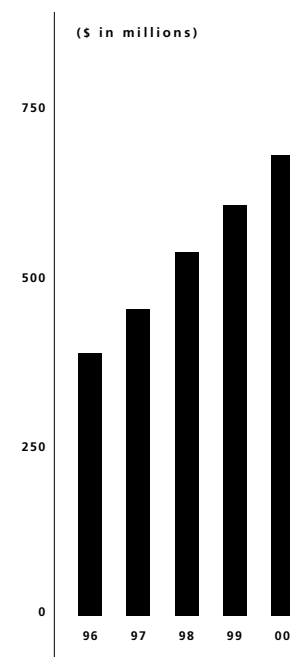
CFMT-TV™, Media's multilingual television station in Toronto, had a record year with revenue increasing by \$3.7 million or 7.3% from 1999, in spite of a flat Ontario TV advertising market. CFMT-TV's English language advertising revenue increased 10.1% from 1999. This growth was due to strong ratings on the station's enhanced programming combined with a very strong sales effort. CFMT-TV also expanded its offerings of multilingual programming. In 2000, "Third Language" advertising revenue increased by 6.1%, with Chinese, Italian and Portuguese languages continuing to contribute the strongest results.

Operating profit in Television was \$13.9 million in 2000. In 2000, Television expenses included a \$1.5 million write-off of costs incurred for the application for a multicultural/multilingual television station in Vancouver. This application was denied by the CRTC in February 2000. Excluding this write-off, operating profits at CFMT-TV increased by \$1.7 million, or 12.4%.

The CRTC issued its policy framework for licensing new digital pay and specialty television services in January 2000. Media was successful in receiving Category 1 licences (with other partners) for The Biography Channel, TechTV, 13th Street and 13^e Rue. Category 1 services are guaranteed carriage by all licenced digital distributors. In addition, Broadcasting is a non-controlling partner in two other Category 1 licences and received licences for three Category 2 licences. Category 2 licences do not have any guarantee of carriage by broadcast distribution undertakings.

The Shopping Channel

The Shopping Channel's revenue increased \$15.1 million or 9.4% from 1999. This marked the fifth year of strong growth for this business. Although tSc's total items shipped decreased, the average item sale price increased by 11% due to a shift in product mix. Fine jewellery sales increased by 25% in 2000 and sales in electronics and exercise equipment increased by 11%. Sales in gifts and collectibles and home-goods experienced a decline due to the shift in product mix to electronics and exercise equipment.



Progress was also made during the year in expanding off-air sales. In 2000, off-air sales represented 13.5% of total sales, up from 7.4% in 1999. This growth in the off-air business was led by the launch of a successful on-line and on-air toy store branded "Alex & Zoe" and a new 162-page product catalogue. The Alex and Zoe Toy Store was introduced on The Shopping Channel Web site in late September, in time for the holiday season. This on-line initiative, combined with on-air support, increased the Toy sales 178% and increased Web sales by 348%. The new 162-page product catalogue was targeted to attract new customers, entice lapsed and one-time customers to purchase more often, as well as create a longer "shelf life" for the products. The distribution of the catalogue was expanded to over 1.1 million homes and has served to increase our catalogue sales in 2000 by 51%.

iMedia

In 2000, iMedia revenue was \$6.3 million, an increase of \$3.2 million or 102.5% from \$3.1 million in 1999. Revenues for iMedia are derived principally from subscription and advertising revenues. Operating losses totalled \$15.9 million, representing an increase of \$9.6 million from 1999.

iMedia has continued its strategy of investing in the areas of interactive media and the Internet. iMedia's Internet properties include Excite.ca™ (a Canadian Internet portal launched March 2000), Electric Library Canada™ (an on-line research service targeted to libraries, schools, universities, corporations and government offices), Quicken.ca™ (an on-line personal finance service) and Advisor.ca™ (a complementary business-to-business portal targeting professional Canadian financial advisors).

In March 2001, iMedia will launch its next Internet property, Springboard.ca. Springboard.ca is the first site dedicated to offering integrated resources for Canadian women. Springboard.ca is designed to be one of the most interactive and pragmatic tools targeting women on the Internet, providing users with expert advice, virtual management resources and practical information.

Capital expenditures

Total Media capital expenditures in 2000 were \$34.1 million compared to \$18.2 million in 1999. The increase over 1999 was mainly due to the major projects in the Radio division, including consolidating the Radio operations in Toronto, Ottawa, Calgary and Vancouver, and the conversion of five AM stations to FM. The Shopping Channel also purchased additional land in Mississauga to enable an expansion of its warehouse, call centre and office space.

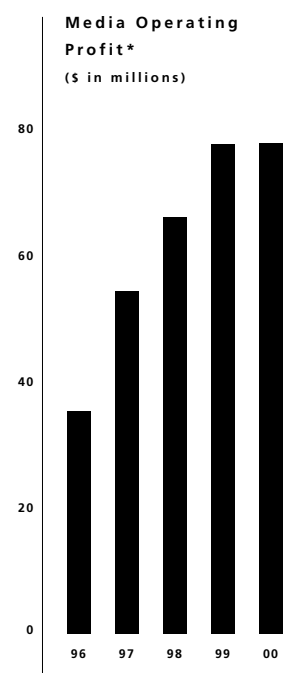
Risks and uncertainties

The CRTC's decision on multiple licence ownership for the Canadian radio industry has allowed Media to own up to two AM and two FM licences in a market where there are eight or more licences. The rules have provided Media with the opportunity to grow in major markets and to realize the benefits of synergies and other economies of scale.

In February 2000, the CRTC considered, at a competitive licensing hearing, Media's application for a new licence to carry on a multilingual ethnic television programming undertaking in Vancouver. The CRTC denied the application and awarded a licence to another applicant that is not providing a multilingual service. Following an appeal to Cabinet, the CRTC was asked to issue a report on the steps that can be taken to provide a multilingual ethnic service for Vancouver. Media is hopeful that the CRTC will issue a call for applications for a multilingual ethnic television station for Vancouver in 2001.

Advertising revenues, which are largely a function of consumer confidence and general economic conditions, remain unpredictable, although the diversity of the Media group both geographically and in terms of the breadth of media helps to provide some stability to the advertising revenue base. It is also well established that advertising dollars migrate to media properties that are leaders in their respective markets when advertising budgets are decreased. Most of Media's radio and magazine properties are leaders in their respective markets. There is no indication that advertising revenues and forward bookings will decline for 2001.

Paper prices are a major cost for Publishing and are volatile. Management monitors the trends and forecasts for this commodity carefully and has taken aggressive steps to minimize paper consumption.



* Operating income before depreciation and amortization.

The Canadian magazine industry has for many years benefited from government legislation that was designed to promote Canadian content in magazines, and to prevent the entry into Canada of so-called "split run" magazines, which replace foreign advertisements with advertisements directed at Canadians, but carry little or no Canadian content. In 1997, the World Trade Organization upheld a complaint filed by the United States that certain measures adopted by Canada contravened the General Agreement on Tariffs and Trade ("GATT"). During 1998, the Canadian government repealed the legislation that was in contravention of GATT and worked intensively with the co-operation of the Canadian magazine industry to devise alternative legislation that would both achieve the policy objective and be in compliance with international trade rules.

In May 1999, it was announced that an agreement had been concluded between the Government of Canada and the Government of the United States with regard to the access of foreign periodicals to the Canadian advertising services market. In Canada, the Foreign Publishers Advertising Services Act was enacted in 1999. It allows foreign publishers two limited forms of access to the Canadian advertising market: 1) a *de minimis* exemption that will allow foreign publishers to publish up to 12% of ads aimed at the Canadian market immediately, up to 15% in 18 months and 18% in 36 months after the date of enactment; and 2) an exemption that will enable foreign publishers to have access to a greater percentage of the Canadian advertising services market, providing they create majority Canadian content and establish a new periodicals business in Canada. Acquisitions of Canadian publishers are not permitted. As Canada's largest and most diversified magazine publisher, Media has played an active role in assisting the Canadian government to introduce alternative measures. Media remains confident that its position of strength in the markets it serves will enable it to continue to prosper and to deliver exciting magazines as vehicles for Canadian self-expression.

In September 2000, the Government of Canada (Department of Canadian Heritage) created a \$25 million Canada Magazine Fund (the "Fund") to support the Canadian magazine industry. The Fund will be pro-rated over all applicants based on their share of the total pool of eligible Canadian editorial expenses. Recipients of the financial support must acknowledge the government's contribution in a prominent place, such as the masthead, in all issues of each eligible magazine, similar to the requirement established this year for the postage subsidy provided through the Publications Assistance Program ("PAP"). Media submitted applications and a decision on the distribution of the Fund will be released later this year.

C. Financial instruments

Rogers structures its borrowings generally on a stand-alone basis. Therefore, borrowings by each of its three business groups and by the parent company are generally secured only by the assets of the respective entities within each group, and such instruments generally do not provide for cross-collateralization or cross-defaults between groups, or guarantees. In 1997, Rogers provided a limited recourse guarantee of Cable's bank credit facilities. Recourse under the guarantee is limited to the pledge of shares of Wireless or other marketable securities having a value of at least \$200 million.

Assistance for servicing the parent company's financial obligations generally comes from three sources on an ongoing basis, including: management fees paid by the operating subsidiaries to the parent company; interest income on, and repayment of, intercompany advances; and other distributions from the operating companies allowable under the terms of their various financial instruments. For details regarding the \$3.96 billion of consolidated long-term debt outstanding at December 31, 2000, see Note 8 of the Notes to Consolidated Financial Statements.

Interest rate and foreign exchange management

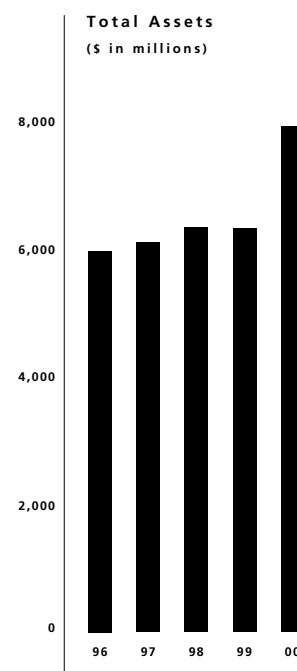
Rogers manages its exposure to floating interest rates and U.S. dollar foreign exchange fluctuations through the use of interest rate and cross-currency exchange agreements or "swaps". In order to minimize the risk of counterparty default under its swap agreements, Rogers assesses the creditworthiness of its swap counterparties. Currently, 100% of its total swap portfolio is held by financial institutions with a Standard & Poor's rating (or the equivalent) ranging from A+ to AA-.

Rogers targets to maintain fixed interest rates on at least 80% of its outstanding long-term debt. This goal had been maintained for several years through a combined use of interest rate swaps and fixed-rate debt instruments. However, at December 31, 1999, 75.1% of consolidated long term debt was fixed with respect to interest rates, due largely to the repurchase of the US\$860.6 million of fixed-rate debt during 1999. At December 31, 2000, 66.4% of consolidated long-term debt was fixed with respect to interest rates, a decrease from 75.1% at December 31, 1999. This decrease was caused by the issuance of \$300 million of senior secured floating-rate notes and the maturity of some interest rate swaps during 2000. The weighted-average interest rate for total long-term debt was 9.1% per annum at December 31, 2000, (i.e., — 9.4% per annum on the fixed-rate portion and 8.6% per annum on the floating-rate portion) for a weighted-average term of approximately 7.2 years. Management is currently comfortable with this position but re-evaluates its position from time to time. The Company anticipates decreasing its exposure to floating interest rates over time, depending on market conditions and other factors.

The incurrence of U.S. dollar denominated debt has caused substantial foreign exchange exposure as Rogers' operating cash flow is almost exclusively denominated in Canadian dollars. Several years ago Rogers established a target of hedging approximately 50% of its foreign exchange exposure (excluding U.S. dollar denominated convertible debt) through the use of cross-currency swaps and, from time to time since 1997, periodic use of short-term foreign exchange options. As at December 31, 2000, Rogers' U.S. dollar denominated long-term debt amounted to US\$2.11 billion. At December 31, 2000, excluding U.S. dollar denominated convertible debt due in 2005 (US\$189.3 million), approximately 67.1% or US\$1.3 billion of Rogers' U.S. dollar denominated long-term debt was hedged with respect to foreign exchange, which was the same as at December 31, 1999.

We will continue to monitor our hedged position with respect to foreign exchange fluctuations and, depending on market conditions and other factors, will supplement our hedged position in the future by entering into cross-currency interest rate exchange agreements or by using other hedging agreements.

The effect of the existing cross-currency swap agreements is to convert the obligation to service U.S. dollar denominated debt in the amount of US\$1.3 billion into Canadian dollar denominated debt at an average exchange rate of 1.3114 Canadian dollars to US\$1.00. Excluding the U.S. dollar convertible debt due 2005, Rogers calculates that on the unhedged portion of its U.S. dollar denominated debt, each one cent change in the Canadian dollar versus the U.S. dollar results in a change in principal amount of debt and annual interest expense of \$6.3 million and \$0.6 million, respectively. This yields an approximate 0.7% change in consolidated earnings per share. The U.S. dollar convertible debt due in 2005, described in more detail in Note 8 of the Notes to Consolidated Financial Statements, has been excluded from the above totals because it is convertible into Class B Non-Voting shares until its maturity in 2005.



The following table presents a summary of the effect of changes in the foreign exchange rate on the unhedged portion of Rogers' U.S. dollar denominated debt and the resulting change in its debt principal, interest expense and earnings per share. Again, calculations exclude U.S. dollar convertible debt due in 2005.

Change in Cdn\$ versus US\$ ¹	Change in debt principal amounts (\$ millions)	Change in interest expense (\$ millions)	Earnings per share ²
1 cent	\$ 6.3	\$ 0.6	0.6 cents
3 cents	19.0	1.7	1.9 cents
5 cents	31.6	2.8	3.1 cents
10 cents	63.2	5.7	6.2 cents

¹ Canadian equivalent of unhedged U.S. debt if U.S. dollar costs an additional Canadian cent.

² Assumes no income tax effect. Includes interest impact and the amortization of the change in principal amounts that would be amortized over the remaining life of the unhedged debt estimated at approximately 9.0 years.

Rogers' US\$2.11 billion of U.S. dollar denominated long-term debt, or US\$1.9 billion excluding the U.S. dollar convertible debt due 2005, is spread among its different operating entities and the parent company. The following table provides a breakdown by company of the U.S. dollar exposure, excluding U.S. dollar denominated convertible debt of US\$189.3 million due 2005, and the percentage of this exposure by business unit that has been hedged as at December 31, 2000.

Business unit	U.S. dollar debt (\$ millions)	% hedged
Wireless	\$ 899.2	55.1%
Cable	762.7	97.6%
Rogers Corporate¹	260.0	19.2%
Total	\$ 1,921.9	67.1%

¹ Excluding U.S. dollar denominated debt of US\$189.3 million due 2005 at December 31, 2000.

D. Financial position

Liquidity and cash flow

This discussion is based upon the Consolidated Statements of Income on page 38 and the Consolidated Statements of Cash Flows on page 39.

For many years, Rogers has invested in expanding its existing communications business as well as new communications initiatives, all of which are highly capital intensive. Mainly as a result of these large capital expenditures and the significant amount of debt used to help finance them, interest expense has remained high and resulted in cash shortfalls from operations as well as losses from continuing operations for many years.

Rogers reported a net income of \$141.4 million in 2000 compared to a net income of \$864.7 million in 1999. The decrease in net income in 2000 is primarily due to the sale of approximately 33% of the equity of Rogers Wireless to AT&T and BT in 1999 for net proceeds of \$1.38 billion.

The Company's cash flow from operations before working capital, which is calculated by adding back all non-cash items such as depreciation and amortization to net income and eliminating all special provisions from net income, increased to \$770.8 million in 2000 from \$495.2 million in the prior year. This increase is primarily a result of the net proceeds of \$222.5 million received on the termination of the Vidéotron merger agreement. With an increase of \$15.1 million of working capital during the year, funds provided from operations totalled \$755.7 million. In addition, the Company raised the following funds during the year: \$925.3 million net proceeds from the issuance of Preferred Securities; \$46.7 million for the exchange of cablesystems with Shaw Communications Inc.; \$304.1 million from funds, net of financing costs, received from the issuance of long-term debt; \$139.3 million of proceeds raised from the sale of assets and investments; as well as \$14.1 million of proceeds from the issuance of 1,570,405 Class B Non-Voting shares under employee share purchase plans and the exercise of employee options. In aggregate, the funds raised in 2000 totalled approximately \$2,185.2 million.

The \$139.3 million in proceeds from sales of assets consisted of: the sale of 2,035,211 common shares of Canadian Satellite Communications Inc. for \$95.7 million; the sales of 450,000 common shares of Terayon for \$30.9 million; the sale of 350,000 common shares of Liberate Technologies for \$11.2 million; and the sale of 181,300 common shares of Bid.com for \$1.5 million.

See Note 9C of the Notes to Consolidated Financial Statements for a description of the issuance of Preferred Securities for net proceeds of \$925.3 million. See Note 8C (iii) of the Notes to Consolidated Financial Statements for a description of the issuance of \$300 million of senior secured floating-rate notes, which accounts for essentially all of the net increase in long-term debt.

The aggregate funds raised of approximately \$2,185.2 million were used to: purchase \$1,212.7 million of fixed assets; make cash acquisitions and investments of \$644.1 million; and make preferred dividend payments of \$43.2 million. In total, \$1,900.0 million in funds were used, resulting in an increase of \$285.2 million in cash and short-term investments.

The \$644.1 million of cash acquisitions and investments comprised: the acquisition of 4,253,800 subordinate voting shares of Cogeco Cable for \$187.2 million and 2,724,800 subordinate voting shares of Cogeco Inc. for \$120.8 million (as more fully described in Note 5A of the Notes to Consolidated Financial Statements); the acquisition of 80% interest in the Toronto Blue Jays Baseball Club ("Blue Jays") for \$163.9 million; the acquisition of 6,117,648 Series 2 Units of Futureway as part of a consortium of investment and cable companies, for \$26.2 million; together with assorted investments, aggregating \$146.0 million, in sports, magazines and periodicals, new technology companies and specialty channels, including acquisitions of Medi-fax and Physician's Financial News, and a 51.0% interest in the Toronto Phantoms.

Financing

In August, Rogers issued a \$1.15 billion principal amount of Preferred Securities with an interest rate of 7.27% per annum, compounded quarterly (the "Preferred Securities"). After prepaying interest on the Preferred Securities to June 30, 2003, Rogers received net proceeds of \$937.5 million less fees and expenses of \$12.2 million. The Preferred Securities were issued by a single-purpose wholly owned subsidiary of RCI and were purchased by a Canadian financial institution. The obligations under the Preferred Securities are secured solely by the 25 million AT&T Canada Class B Non Voting Deposit Receipts owned by Rogers. There is no recourse to any other assets of Rogers. Under Canadian GAAP, the net proceeds of \$925.3 million were included as equity in Rogers financial statements.

In November, Rogers Cable Inc. issued Cdn\$300 million senior secured floating-rate notes (the "Notes") to a Canadian financial institution. The security on the Notes is the same as for all other senior secured debt of Rogers Cable Inc.

Rogers' total long-term debt totalled \$3.96 billion at December 31, 2000, an increase of \$362.7 million during 2000. The \$362.7 million change reflects the issuance of the Cdn\$300 million senior secured floating-rate notes, a net \$7.3 million increase in mortgage and other debt, a \$9.1 million increase in accrued interest and a \$46.3 million increase in the Canadian dollar equivalent value of unhedged U.S. dollar denominated debt. At December 31, 2000, Rogers' bank facilities provided for aggregate credit limits of \$1,644.9 million, \$1,545.3 million of which was unutilized. Generally, access to these credit facilities is subject to compliance with certain debt to cash flow covenants, and at December 31, 2000, based on our most restrictive covenants under our bank credit facilities and public indentures, Rogers could have borrowed additional long-term debt in the amount of \$939.5 million (\$91.9 million at Wireless, \$574.8 million at Cable and \$273.6 million under other credit facilities).

Of all the Rogers debt instruments, the provisions of the bank loan agreements generally impose the most restrictive limitations on the operations and activities of the companies governed by these agreements. The most significant of these restrictions are debt incurrence and maintenance tests, restrictions upon additional investments, sales of assets and distributions to shareholders. Rogers and its subsidiaries are currently in compliance with all of the covenants under their respective debt instruments. See Note 8 of the Notes to Consolidated Financial Statements for additional details.

As mentioned above, there are restrictions on the amount of funds that can be distributed out of the operating companies to the parent company. On December 31, 2000, a total of \$569.5 million could have been distributed to the parent company from the operating companies in the form of repayments of intercompany notes.

Rogers' required repayments on all long-term debt in the next five years total \$1,126.7 million, of which \$116.4 million is for the repayment of Cable's 9 $\frac{5}{8}$ % Senior Notes due 2002, \$300 million is for repayment of Cable's floating-rate Senior Secured Notes due 2002, \$412.1 million is for repayment of Cable's 10% Senior Secured Notes due 2005 and \$283.9 million is for repayment of Rogers 5 $\frac{3}{4}$ % Convertible Debentures due 2005. There are no substantive principal repayments due in 2001, 2003 or 2004. See Note 8 of the Notes to Consolidated Financial Statements for further details on debt repayments.

During 2001, Rogers anticipates operating profit to increase, interest expense to increase and capital expenditures to increase. Rogers expects that this will result in an increased net cash shortfall from operations in 2001 compared to 2000. In addition, Rogers expects that there will be a net cash shortfall from operations in years subsequent to 2001.

Rogers believes that Wireless will have, taking into account cash from operations and availability under its existing bank credit facility, sufficient capital resources to satisfy its cash funding requirements through the fourth quarter of 2001. In addition, Rogers anticipates that Wireless will need to arrange additional financing to fund its capital expenditures subsequent to 2001. Rogers anticipates that Wireless will satisfy these additional funding requirements by issuing additional debt financing which may include the restructuring of its existing bank credit facility and/or the issuance of public or private debt, depending on market conditions.

In order to fund the \$394 million amount required to be paid by Wireless as a result of its successful bids in the recently completed spectrum auction, Rogers and AT&T Wireless committed to loan Wireless the total amount of the purchase price of the spectrum. Rogers committed to fund 60.43% of the aggregate loan amount and AT&T Wireless committed to fund 39.57% of the aggregate loan amount. In order to repay these loans, Wireless expects to commence a rights offering to all holders of its Class B Restricted Voting shares and Class A Multiple Voting shares to purchase its Class B Restricted Voting shares. Rogers and the JVII partnership have agreed to exercise all of the rights issued to them under the rights offering, and to exercise their respective pro rata portions of the rights not exercised by Wireless' remaining public shareholders. The loans from Rogers and AT&T Wireless will be repaid from the net proceeds of the rights offering and not from working capital or any other debt financing.

Rogers believes that Cable will have, taking into account cash from operations and availability under its existing bank credit facility, sufficient capital resources to satisfy its cash funding requirements through the fourth quarter of 2001. In addition, Rogers anticipates that Cable will need to arrange additional financing to fund its capital expenditures subsequent to 2001. Rogers anticipates that Cable will satisfy these additional funding requirements by: issuing additional debt financing which may include the restructuring of its existing bank credit facility and/or the issuance of public or private debt, depending on market conditions; and, possibly, the sale of non-core assets and investments by Rogers or one or more of its subsidiaries (including Cable) with the contribution of these proceeds to Cable.

Rogers believes that Media will have, taking into account cash from operations and availability under its existing bank credit facility, sufficient capital resources to satisfy its cash funding requirements through the fourth quarter of 2001 unless Media makes a large acquisition. In addition, Rogers believes that Media may need to arrange additional financing to fund any large acquisitions subsequent to 2001. Rogers anticipates that Media will satisfy any additional funding requirements by: issuing additional debt financing which may include the restructuring of its existing bank credit facility and/or the issuance of public or private debt, depending on market conditions; and, possibly, the sale of non-core assets and investments by Rogers or one or more of its subsidiaries (including Media) with the contributions of those proceeds to Media.

Roger believes that on an unconsolidated basis it will have, taking into account cash on hand together with the receipt of management fees paid by the operating subsidiaries, interest income on and repayment of intercompany advances, distributions from the operating companies in the form of dividends and from the sale of non-core assets and investments, sufficient capital resources to satisfy its cash funding requirements through 2003. In addition, additional funds could be obtained from other sources including the issuance of equity or the issuance of additional public or private debt, depending on market conditions. Funding from such sources could be used by Rogers or by one or more of its subsidiaries.

E. Recent accounting pronouncements

United States GAAP pronouncements

The Financial Accounting Standards Board ("FASB") in the United States has issued "SFAS 133" which the Company is required to adopt in the year ending December 31, 2001. SFAS 133 requires the recognition of all derivative instruments as either assets or liabilities measured at fair value. Under SFAS 133, the designation of derivative financial instruments as hedges requires the Company to meet certain requirements relating to the effectiveness of the instruments as hedges and the documentation of the hedging relationship. The Company has determined that its financial instruments used for risk management purposes would not be accounted for as hedges under this pronouncement. As a result, the unrealized gain of \$16,102,000 at December 31, 2000 on the cross-currency interest rate exchange agreements would be recorded as a cumulative effect adjustment under United States GAAP effective January 1, 2001, and any subsequent changes in the fair value of these financial instruments would be recorded as income.

During 1999, the Securities Exchange Commission ("SEC") issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 reflects the SEC staff's interpretation of basic principles of revenue recognition in existing United States generally accepted accounting principles. There was no effect on the Company's consolidated financial statements of adopting SAB 101 during 2000.

Canadian GAAP pronouncements

In December 2000, The Canadian Institute of Chartered Accountants issued Section 3500, "Earnings per share", which will be effective in the Company's first quarter ended March 31, 2001. The standard will require the use of the treasury stock method for calculating fully diluted earnings per share, consistent with United States GAAP. Had the Company applied the new standard in 2000, fully diluted earnings per share would have been \$0.40 share.

F. Cautionary statement regarding forward-looking information

The preceding Management's Discussion and Analysis contains forward-looking statements that involve risk and uncertainties. The statements under, but not limited to, the following headings contain such information: "Capital expenditures – Wireless", "Capital expenditures – Cable" and "Capital expenditures – Media", which describe projected capital spending for 2001; and "Financing", which describes certain anticipated results and liquidity for 2001 and beyond. The Company cautions that the actual future performance will be affected by a number of factors, including, without limitations, technological change that may impact the Company's capital expenditures and results of operations, regulatory change that may affect the Company's competitive strategy, and competitive factors that may alter the timing and amount of the Company's capital expenditures, all of which could adversely affect the Company's revenue expectations and results of operations. Many of these factors are beyond the Company's control; therefore, future events may vary substantially from what the Company currently foresees. The Company wishes to caution readers not to place undue reliance on such forward-looking statements that speak only as of the date made.

common stock information

Share price and trading volume – the Toronto Stock Exchange (RCI.A Voting shares) Cdn\$

Years ended			First quarter		Second quarter		Third quarter		Fourth quarter		Total year
December 1998	High	\$	9.30	\$	13.80	\$	14.40	\$	14.75	\$	14.75
	Low	\$	5.35	\$	8.25	\$	9.05	\$	8.15	\$	5.35
	Close	\$	8.80	\$	13.30	\$	9.40	\$	14.25	\$	14.25
	Volume (000s)		435		379		95		320		1,229
December 1999	High	\$	30.00	\$	35.50	\$	33.25	\$	39.50	\$	39.50
	Low	\$	13.90	\$	24.50	\$	25.10	\$	23.95	\$	13.90
	Close	\$	28.30	\$	24.50	\$	25.75	\$	36.90	\$	36.90
	Volume (000s)		708		303		276		466		1,753
December 2000	High	\$	52.75	\$	46.00	\$	44.75	\$	36.50	\$	52.75
	Low	\$	33.60	\$	38.00	\$	35.05	\$	23.00	\$	23.00
	Close	\$	44.00	\$	43.50	\$	37.00	\$	26.55	\$	26.55
	Volume (000s)		983		70		402		191		1,646

Share price and trading volume – the Toronto Stock Exchange (RCI.B Non-Voting shares) Cdn\$

Years ended			First quarter		Second quarter		Third quarter		Fourth quarter		Total year
December 1998	High	\$	8.50	\$	14.00	\$	13.65	\$	13.95	\$	14.00
	Low	\$	4.80	\$	7.80	\$	8.35	\$	8.15	\$	4.80
	Close	\$	8.05	\$	13.10	\$	8.35	\$	13.65	\$	13.65
	Volume (000s)		46,427		44,642		25,913		19,227		136,209
December 1999	High	\$	29.25	\$	34.80	\$	31.75	\$	38.75	\$	38.75
	Low	\$	13.00	\$	23.00	\$	23.25	\$	22.30	\$	13.00
	Close	\$	27.40	\$	23.65	\$	24.85	\$	35.30	\$	35.30
	Volume (000s)		102,768		63,496		47,247		26,631		240,142
December 2000	High	\$	49.75	\$	43.75	\$	43.00	\$	36.15	\$	49.75
	Low	\$	33.00	\$	36.35	\$	34.50	\$	22.25	\$	22.25
	Close	\$	43.00	\$	41.95	\$	35.65	\$	25.30	\$	25.30
	Volume (000s)		81,932		34,846		58,641		53,213		228,632

Share price and trading volume – the New York Stock Exchange (RG Non-Voting shares) US\$

Years ended			First quarter		Second quarter		Third quarter		Fourth quarter		Total year
December 1998	High	\$	6.38	\$	9.50	\$	9.50	\$	8.94	\$	9.50
	Low	\$	3.81	\$	6.13	\$	5.50	\$	5.31	\$	3.81
	Close	\$	6.25	\$	9.50	\$	5.56	\$	8.88	\$	8.88
	Volume (000s)		3,163		7,031		6,150		2,795		19,139
December 1999	High	\$	19.38	\$	23.75	\$	21.00	\$	25.69	\$	25.69
	Low	\$	8.56	\$	16.19	\$	16.25	\$	15.06	\$	8.56
	Close	\$	18.13	\$	16.19	\$	16.81	\$	24.75	\$	24.75
	Volume (000s)		16,790		16,412		20,956		11,969		66,127
December 2000	High	\$	34.42	\$	29.81	\$	29.00	\$	23.82	\$	34.42
	Low	\$	22.57	\$	24.26	\$	23.01	\$	14.50	\$	14.50
	Close	\$	29.74	\$	28.43	\$	23.63	\$	17.00	\$	17.00
	Volume (000s)		17,783		9,140		11,955		9,851		48,729

subscriber statistics

Key Wireless statistics

Years ended December 31	2000	1999	1998	1997	1996
Cellular Statistics¹					
Subscribers	2,514,000	2,153,100	1,737,600	1,552,100	1,369,600
Subscribers to population served	8.8%	7.6%	6.2%	5.6%	5.0%
Average monthly revenue					
per subscriber ^{1,2}	\$ 46	\$ 49	\$ 54	\$ 59	\$ 66
Switches	20	20	20	19	18
Cell sites	1,884	1,667	1,584	1,462	1,133
Messaging and Data Statistics					
Subscribers ⁴	444,000	452,000	256,400	253,600	242,800
Average monthly revenue					
per subscriber ¹	\$ 11	\$ 12	\$ 14	\$ 15	\$ 18
Total Wireless Statistics⁵					
Sales and marketing expense					
per gross addition	\$ 441	\$ 391	\$ 525	\$ 623	\$ 546
Average monthly operating expense					
per subscriber ^{1,3}	\$ 14	\$ 14	\$ 16	\$ 21	\$ 20

Key Cable Television statistics⁶

Years ended December 31	2000	1999	1998	1997	1996
Homes in licenced area	2,871,000	2,822,900	2,789,800	2,778,200	2,744,300
Homes passed by cable	2,859,600	2,811,600	2,778,700	2,767,000	2,733,400
Basic cable subscribers	2,219,400	2,236,200	2,237,200	2,243,700	2,229,600
Basic to homes passed	77.6%	79.5%	80.5%	81.1%	81.6%
Pay television households	213,400	184,900	189,000	211,400	240,700
Pay to basic	9.6%	8.2%	8.4%	9.4%	10.8%
Tier to basic	85.7%	86.9%	88.2%	88.8%	88.1%
Average monthly cable revenue					
per subscriber ⁷	\$ 36	\$ 34	\$ 32	\$ 30	\$ 28
High-speed Internet subscriber	312,300	185,700	54,200	11,900	—

Canadian Cable subscribers⁶

Breakdown at December 31, 2000	Homes passed	Basic subscribers	Basic subscribers to homes passed	% of subscribers
Ontario				
Greater Toronto Area	1,261,900	1,000,600	79.3%	45.1%
Ottawa	320,800	251,100	78.3%	11.3%
Southwestern Ontario	472,200	363,100	76.9%	16.3%
Central Ontario	525,600	419,400	79.8%	18.9%
Total	2,580,500	2,034,200	78.8%	91.6%
New Brunswick	279,100	185,200	66.4%	8.4%
Grand total	2,859,600	2,219,400	77.6%	100.0%

¹ Based on a 13 point average.

² Wireless voice statistics include core and prepaid.

³ Before sales and marketing expenses.

⁴ Includes Shaw subscribers acquired November 8, 1999.

⁵ Total Wireless statistics include Wireless Voice, Messaging and Data subscribers.

⁶ All cable subscriber statistics exclude the Alaska cable system, which had 7,300 subscribers at December 31, 2000. Cable subscriber statistics include estimated balances from the cablesystems exchange.

⁷ Includes revenues from cable operations (basic cable service, tier services, pay television, pay-per-view, installation and converter revenue). These figures exclude Video Store and high-speed Internet service revenue.

ten-year financial summary

(In thousands of dollars, except per share amounts)
Years ended December 31

	2000	1999	1998
Income and Cash Flow			
Revenue			
Wireless	\$ 1,532,063	\$ 1,351,723	\$ 1,242,925
Cable	1,291,161	1,148,519	1,027,037
Media	681,023	607,604	538,164
Telecom	—	—	31,103
	3,504,247	3,107,846	2,839,229
Operating profit¹			
Wireless	410,924	422,328	395,142
Cable	457,777	411,205	398,689
Media	77,390	77,252	65,705
Telecom	—	—	12,659
Corporate	(28,366)	(16,957)	(17,096)
	917,725	893,828	855,099
Non-recurring items, net of income taxes and non-controlling interest			
	231,542	991,798	830,878
Net income (loss)	\$ 141,442	\$ 864,721	\$ 623,558
Cash flow from operations²			
	\$ 770,781	\$ 495,200	\$ 306,859
Capital expenditures	\$ 1,212,734	\$ 832,423	\$ 658,479
Average Class A and Class B shares outstanding (000s)			
	203,761	189,805	178,580
Per Share			
Net income (loss)	\$ 0.44	\$ 4.41	\$ 3.33
Cash flow from operations ¹	\$ 3.78	\$ 2.61	\$ 1.72
Balance Sheet			
Assets			
Fixed assets	\$ 4,047,329	\$ 3,539,160	\$ 3,234,634
Goodwill and other intangible assets	1,573,923	1,349,552	1,382,050
Investments	972,648	554,241	674,615
Other assets	1,272,395	808,565	942,730
	\$ 7,866,295	\$ 6,251,518	\$ 6,234,029
Liabilities and shareholders' equity (deficiency)			
Long-term debt	\$ 3,957,662	\$ 3,594,966	\$ 5,254,044
Accounts payable and other liabilities	1,232,463	1,016,754	1,059,897
Future income taxes	145,560	138,803	112,437
Non-controlling interest	114,432	149,278	—
Shareholders' equity (deficiency)	2,416,178	1,351,717	(192,349)
	\$ 7,866,295	\$ 6,251,518	\$ 6,234,029

¹ Operating income before integration costs on cablesystems exchange, restructuring charges and asset writedowns and depreciation and amortization.

² Cash flow from operations before changes in working capital amounts.

1997	1996	1995	1994	1993	1992	1991
\$ 1,241,329	\$ 1,102,854	\$ 899,521	\$ 750,420	\$ 605,614	\$ 516,519	\$ 414,262
944,820	953,278	905,662	827,451	581,157	509,405	459,860
452,930	387,828	367,133	286,518	137,315	137,538	131,384
56,243	38,993	23,727	15,360	12,392	8,507	5,957
2,695,322	2,482,953	2,196,043	1,879,749	1,336,478	1,171,969	1,011,463
395,661	351,145	315,642	289,921	198,648	129,452	99,605
361,046	322,734	339,729	367,951	246,981	196,429	183,205
54,076	35,062	33,417	23,655	14,725	17,108	13,948
24,527	14,101	12,095	7,839	5,303	3,143	1,706
(21,198)	(18,748)	(22,536)	(18,852)	(16,164)	(14,518)	(12,711)
814,112	704,294	678,347	670,514	449,493	331,614	285,753
(429,171)	(134,661)	(136,602)	(41,927)	(103,920)	(24,656)	87,208
\$ (551,208)	\$ (279,780)	\$ (295,810)	\$ (187,613)	\$ (298,549)	\$ (192,317)	\$ (72,494)
\$ 356,075	\$ 258,688	\$ 276,498	\$ 335,022	\$ 180,069	\$ 111,240	\$ 99,890
\$ 979,922	\$ 945,098	\$ 579,692	\$ 406,762	\$ 317,537	\$ 411,047	\$ 289,070
178,226	178,080	177,614	172,767	160,696	152,784	130,179
\$ (3.24)	\$ (1.73)	\$ (1.85)	\$ (1.27)	\$ (1.96)	\$ (1.38)	\$ (0.86)
\$ 2.00	\$ 1.45	\$ 1.56	\$ 1.94	\$ 1.12	\$ 0.73	\$ 0.77
\$ 3,298,994	\$ 2,870,249	\$ 2,622,318	\$ 2,380,114	\$ 1,900,932	\$ 1,835,005	\$ 1,646,511
1,424,261	1,449,176	1,792,079	1,819,999	745,087	832,010	888,232
449,768	429,052	224,547	513,498	549,601	516,001	446,782
834,379	1,137,978	1,023,567	1,301,019	680,860	829,085	296,327
\$ 6,007,402	\$ 5,886,455	\$ 5,662,511	\$ 6,014,630	\$ 3,876,480	\$ 4,012,101	\$ 3,277,852
\$ 5,583,353	\$ 4,922,716	\$ 4,360,470	\$ 4,174,922	\$ 2,773,721	\$ 2,696,286	\$ 2,000,832
953,824	824,771	820,225	851,749	443,703	423,330	345,020
127,261	221,388	266,986	283,391	168,974	277,369	270,920
—	—	71,323	67,794	—	18,862	43,054
(657,036)	(82,420)	143,507	636,774	490,082	596,254	618,026
\$ 6,007,402	\$ 5,886,455	\$ 5,662,511	\$ 6,014,630	\$ 3,876,480	\$ 4,012,101	\$ 3,277,852

quarterly comparison 2000–1999

2000

(In thousands of dollars, except per share amounts)

	Dec. 31	Sept. 30	June 30	Mar. 31
Income Statement				
Revenue				
Wireless	\$ 410,257	\$ 394,631	\$ 378,447	\$ 348,728
Cable	337,074	326,244	317,475	310,368
Media	199,829	156,846	175,727	148,621
	947,160	877,721	871,649	807,717
Operating income¹				
Wireless	72,391	122,265	114,873	101,395
Cable	119,341	117,133	111,397	109,906
Media	35,820	9,983	23,742	7,845
Corporate	(4,060)	(6,177)	(6,857)	(11,272)
	223,492	243,204	243,155	207,874
Integration costs on cablesystems exchange	10,612	—	—	—
Depreciation and amortization	202,341	186,586	176,074	165,778
Operating income	10,539	56,618	67,081	42,096
Interest expense	(88,738)	(87,839)	(95,125)	(87,910)
Other income (expense)	6,084	557	(2,438)	(1,795)
Non-recurring items	14,193	242,144	4,083	74,508
Income taxes	8,449	(55,344)	12,221	(12,788)
Non-controlling interest	28,363	728	593	5,162
Net income (loss) for the period	(21,110)	156,864	(13,585)	19,273
Net income (loss) per share — Basic	\$ (0.20)	\$ 0.70	\$ (0.11)	\$ 0.05
Operating Income margin %¹				
Wireless	17.6	31.0	30.4	29.1
Cable	35.4	35.9	35.1	35.4
Media	17.9	6.4	13.5	5.3
Consolidated	23.6	27.7	27.9	25.7
Other Statistics				
Cash flow from operations ²	\$ 125,769	\$ 378,709	\$ 147,000	\$ 119,303
Capital expenditures	\$ 409,449	\$ 333,755	\$ 252,352	\$ 217,178

¹ Before integration costs on cablesystems exchange, depreciation and amortization.

² Cash flow from operations before changes in working capital amounts.

1999

(In thousands of dollars, except per share amounts)

Dec. 31

Sept. 30

June 30

Mar. 31

Income Statement

Revenue

Wireless	\$ 381,101	\$ 349,283	\$ 325,114	\$ 296,225
Cable	304,449	290,402	279,061	274,607
Media	176,624	142,192	150,322	138,466
	862,174	781,877	754,497	709,298

Operating income¹

Wireless	99,489	120,346	108,342	94,151
Cable	102,815	106,412	103,266	98,712
Media	29,394	14,130	21,898	11,830
Corporate	(4,372)	(3,047)	(3,939)	(5,599)

	227,326	237,841	229,567	199,094
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Integration costs on cablesystems exchange

	—	—	—	—
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Depreciation and amortization	171,132	156,160	148,184	143,637
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Operating income	56,194	81,681	81,383	55,457
Interest expense	(88,240)	(110,507)	(118,159)	(123,910)
Other income (expense)	2,660	6,820	953	5,237
Non-recurring items	1,555	876,068	66,989	116,071
Income taxes	(3,300)	(74,703)	6,581	(8,807)
Non-controlling interest	3,905	30,793	—	—

Net income (loss) for the period	(27,226)	810,152	37,747	44,048
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Net income (loss) per share — Basic	\$ (0.19)	\$ 4.32	\$ 0.18	\$ 0.21
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Operating Income margin %¹

Wireless	26.1	34.5	33.3	31.8
Cable	33.8	36.6	37.0	35.9
Media	16.6	9.9	14.6	8.5
Consolidated	26.4	30.4	30.4	28.1

Other Statistics

Cash flow from operations ²	\$ 142,763	\$ 134,355	\$ 111,324	\$ 106,758
Capital expenditures	\$ 288,449	\$ 202,987	\$ 177,383	\$ 163,604

¹ Before integration costs on cablesystems exchange, depreciation and amortization.

² Cash flow from operations before changes in working capital amounts.

consolidated statements of income

(In thousands of dollars, except per share amounts) Years ended December 31	(As restated – note 1D)	
	2000	1999
Revenue	\$ 3,504,247	\$ 3,107,846
Operating, general and administrative expenses	2,586,522	2,214,018
Operating income before the following	917,725	893,828
Integration costs on cablesystems exchange (note 2B)	10,612	—
Depreciation and amortization	730,779	619,113
Operating income	176,334	274,715
Interest on long-term debt	359,612	440,816
	(183,278)	(166,101)
Gain on sale and issuance of subsidiary shares (note 2C)	—	1,084,701
Gain on sale of assets and investments (note 5)	112,472	159,679
Proceeds received on termination of merger agreement, net (note 2D)	222,456	—
Loss on early repayment of long-term debt (note 8F)	—	(210,587)
Investment and other income	2,408	42,560
Income before income taxes and non-controlling interest	154,058	910,252
Income taxes (note 10):		
Current	14,935	10,524
Future	32,527	69,705
	47,462	80,229
Income before non-controlling interest	106,596	830,023
Non-controlling interest	34,846	34,698
Net income	\$ 141,442	\$ 864,721
Earnings per share (note 11):		
Basic	\$ 0.44	\$ 4.41
Adjusted basic	0.44	4.25
Fully diluted	0.44	3.79
Weighted-average number of Class A Voting and Class B Non-Voting shares outstanding (in thousands):		
Basic	203,761	189,805
Adjusted basic	203,761	200,857
Fully diluted	204,092	231,379

See accompanying Notes to Consolidated Financial Statements.

consolidated statements of cash flows

(In thousands of dollars) Years ended December 31		(As restated – note 1D) 1999
	2000	
Cash provided by (used in):		
Operating activities:		
Net income	\$ 141,442	\$ 864,721
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	730,779	619,113
Future income taxes	32,527	69,705
Non-controlling interest	(34,846)	(34,698)
Gain on sale of subsidiaries, assets and other investments	(112,472)	(1,244,380)
Loss on early repayment of long-term debt	—	210,587
Share of income of associated companies, net	2,716	255
Accrued interest due on repayment of certain notes	9,092	8,592
Dividends from associated companies	1,543	1,305
	770,781	495,200
Change in:		
Accounts receivable	(144,213)	(32,865)
Accounts payable and accrued liabilities and unearned revenue	137,079	(61,742)
Deferred charges	(12,148)	(27,843)
Other assets	4,200	(6,598)
	755,699	366,152
Financing activities:		
Issue of long-term debt	423,156	237,000
Repayment of long-term debt	(115,816)	(1,710,880)
Financing costs incurred	(3,153)	—
Issue of preferred securities and warrants	925,265	600,000
Issue of capital stock	14,081	12,364
Dividends on Preferred shares and distribution on Convertible Preferred Securities	(43,200)	(25,973)
	1,200,333	(887,489)
Investing activities:		
Additions to fixed assets	(1,212,734)	(832,423)
Proceeds on the sale and issuance of subsidiary shares, net	—	1,382,165
Proceeds on sale of assets and investments	139,300	161,123
Proceeds from cablesystems exchange (note 2B)	46,709	—
Investment in Cogeco Inc. and Cogeco Cable Inc. (note 5A)	(307,985)	—
Acquisitions of subsidiary companies, net of cash acquired	(209,278)	(121,552)
Other investments	(126,830)	(52,656)
	(1,670,818)	536,657
Increase in cash and cash equivalents	285,214	15,320
Cash and cash equivalents (deficiency), beginning of year	13,937	(1,383)
Cash and cash equivalents, end of year	\$ 299,151	\$ 13,937
Supplemental cash flow information:		
Income taxes paid	\$ 11,621	\$ 15,768
Interest paid	352,348	487,734
Disclosure of non-cash transactions:		
Dividends accrued on Preferred Securities	\$ 26,882	\$ —
Class B Non-Voting shares issued on conversion of Series B and E Convertible Preferred shares	529	881
Series XX Preferred shares converted into Class B Non-Voting shares	—	270,000
Assignment of General Cable T.V. Limited promissory notes as consideration for the redemption of Preferred shares	—	170,000
Convertible Subordinated Debentures, due 1999 converted into Class B Non-Voting shares	—	199,272
Convertible Debentures, due 2005 converted into Class B Non-Voting shares	90	139
Class B Non-Voting shares issued as partial consideration for radio station acquisitions	—	58,236

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

See accompanying Notes to Consolidated Financial Statements.

consolidated balance sheets

(In thousands of dollars) As at December 31	(As restated – note 1D)	
	2000	1999
Assets		
Fixed assets (note 3)	\$ 4,047,329	\$ 3,539,160
Goodwill and other intangible assets (note 4)	1,573,923	1,349,552
Investments (note 5)	972,648	554,241
Cash and short-term deposits	299,151	13,937
Accounts receivable, net of allowance for doubtful accounts of \$66,296 (1999 – \$48,628)	501,553	345,397
Deferred charges (note 6)	235,824	217,944
Other assets (note 7)	235,867	231,287
	\$ 7,866,295	\$ 6,251,518
Liabilities and Shareholders' Equity		
Liabilities:		
Long-term debt (note 8)	\$ 3,957,662	\$ 3,594,966
Accounts payable and accrued liabilities	1,127,996	899,423
Unearned revenue	104,467	117,331
Future income taxes (note 10)	145,560	138,803
	5,335,685	4,750,523
Non-controlling interest	114,432	149,278
Shareholders' equity (note 9)	2,416,178	1,351,717
	\$ 7,866,295	\$ 6,251,518
Commitments (note 15)		
Contingent liabilities (note 16)		
Canadian and United States accounting policy differences (note 17)		
Subsequent events (note 18)		

See accompanying Notes to Consolidated Financial Statements.

On behalf of the Board:



Ted Rogers
Director



Gar Emerson
Director

consolidated statements of deficit

(In thousands of dollars) Years ended December 31		(As restated – note 1D) 1999
	2000	
Deficit, beginning of year:		
As previously reported	\$ (33,919)	\$ (854,134)
Adjustment related to change in accounting policy (note 1D)	(126,591)	(150,824)
As restated	(160,510)	(1,004,958)
Net income	141,442	864,721
Dividends on Series B and Series E Preferred shares, and on the Class A Voting and Class B Non-Voting shares	(10,200)	—
Distribution on Convertible Preferred Securities, net of income tax recovery of \$14,388 (1999 – \$5,700)	(18,612)	(20,273)
Dividends accreted on Preferred Securities, net of income tax recovery of \$11,721	(15,161)	—
Deficit, end of year	\$ (63,041)	\$ (160,510)

See accompanying Notes to Consolidated Financial Statements.

auditors' report to the shareholders

We have audited the consolidated balance sheets of Rogers Communications Inc. as at December 31, 2000 and 1999 and the consolidated statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied, after giving retroactive effect to the change in accounting policy relating to subscribers and licences (note 1D) and except for the changes in methods of accounting for income taxes (note 1I) and employee future benefits (note 1J), on a basis consistent with that of the preceding year.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the two-year period ended December 31, 2000 and shareholders' equity as at December 31, 2000 and 1999, to the extent summarized in Note 17 of the Consolidated Financial Statements.

KPMG LLP

Chartered Accountants
Toronto, Canada

January 26, 2001, except as to note 18, which is as of February 7, 2001

notes to consolidated financial statements

Years ended December 31, 2000 and 1999

1. Significant accounting policies

A. Consolidation

The consolidated financial statements include the accounts of Rogers Communications Inc. ("RCI") and its subsidiary companies (collectively the "Company"). Intercompany transactions and balances are eliminated on consolidation.

Investments in associated companies and other business ventures over which the Company is able to exercise significant influence are accounted for by the equity method.

Other investments are recorded at cost and written down only when there is evidence that a decline in value that is other than temporary has occurred.

B. Capitalization policy

Fixed assets are recorded at purchase cost. During construction of new assets, direct costs plus a portion of overhead costs are capitalized. Repairs and maintenance expenditures are charged to operating expense as incurred.

C. Depreciation

Fixed assets are depreciated annually over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Diminishing balance	5%
Towers, head-ends and transmitters	Straight line	6 $\frac{2}{3}$ % to 10%
Distribution cable, subscriber drops and wireless network equipment	Straight line	6 $\frac{2}{3}$ % to 25%
Wireless network radio base station equipment	Straight line	12 $\frac{1}{2}$ %
Computer equipment and software	Straight line	14 $\frac{1}{3}$ % to 33 $\frac{1}{3}$ %
Customer equipment	Straight line	20%
Leasehold improvements	Straight line	Over term of lease
Other equipment	Mainly diminishing balance	20% to 33 $\frac{1}{3}$ %

As a result of the introduction of new wireless technology planned in 2001, the Company undertook a review of the remaining useful life of certain of its wireless network equipment. Effective January 1, 2001, the Company changed the estimated useful lives of certain network equipment, which will result in an increase in depreciation expense in 2001 of approximately \$25,000,000.

D. Goodwill and other intangible assets

On January 1, 2000, the Company retroactively changed its accounting method for determining the values ascribed to subscribers and licences acquired in cable television and wireless acquisitions. As well, the Company retroactively changed its accounting method for amortizing subscribers and licences. The Company now values subscribers and licences acquired based on the discounted cash flows expected to be generated by the acquired subscriber base over the estimated relationship period and amortizes this asset on a straight-line basis over the same period. The Company previously amortized the cost of subscribers and licences using an increasing charge method over 40 years at a discount rate of 4% per annum. As a result of this change in valuation method, certain amounts previously allocated to subscribers and licences have been retroactively reallocated to goodwill, with corresponding adjustments to goodwill amortization for prior periods.

These changes have been applied retroactively with restatement of prior years' consolidated financial statements resulting in the following effects:

(In thousands of dollars)	2000	1999
Increase (decrease):		
Consolidated Balance Sheets:		
Goodwill and other intangible assets	\$ (131,147)	\$ (120,039)
Future income taxes	6,552	6,552
Deficit	\$ 137,699	\$ 126,591
Consolidated Statements of Income:		
Depreciation and amortization	\$ 11,108	\$ 11,594
Gain on sale and issuance of subsidiary shares	—	42,379
Future income taxes	—	6,552
Net income	\$ (11,108)	\$ 24,233

Goodwill is amortized over periods of up to 40 years on a straight-line basis from the dates of acquisition. Other intangible assets are being amortized on a straight-line basis over periods up to 10 years.

The Company annually reviews the carrying value of goodwill and intangible assets to determine if an impairment has occurred. The Company measures the potential impairment of these intangible assets by comparing the carrying value to the undiscounted value of expected future operating income before depreciation and amortization and, depending on the nature of the asset, interest and income taxes. Based on its review in 2000, the Company does not believe that an impairment of the carrying value of goodwill or intangible assets has occurred.

E. Subscriber acquisition costs

The Company expenses commissions and other associated costs related to new wireless and cable subscribers upon activation.

F. Foreign exchange

Long-term debt denominated in United States dollars is translated into Canadian dollars at the year-end rate of exchange or at the hedge rate of exchange when cross-currency interest rate exchange agreements are in effect. Exchange gains or losses on translating this long-term debt are deferred and amortized on a straight-line basis over the remaining life of the debt. All other exchange gains or losses are included in income.

G. Deferred charges

The costs of obtaining bank and other debt financing are deferred and amortized on a straight-line basis over the effective life of the debt to which they relate.

During the development and pre-operating phases of new businesses, incremental costs are deferred and amortized on a straight-line basis over periods up to five years.

H. Revenue recognition

The Company earns revenue from several sources. The principal sources of revenue to the Company and recognition of these revenues for financial statement purposes are as follows:

- i. Monthly fees in connection with wireless services, cable services and media subscriptions are recorded as revenue on a pro rata basis over the month;
- ii. Revenue from wireless airtime, wireless long-distance and optional services, pay-per-view movies, video rentals and other transactional sales of products, are recorded as revenue as the services or products are provided; and
- iii. Advertising revenue is recorded in the month the advertising airs on the Company's radio or television stations and the month in which advertising is featured in the Company's media publications.

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

I. Income taxes

Effective January 1, 2000, the Company adopted the new accounting recommendations related to income taxes on a retroactive basis without restating the financial statements of any prior periods. The deficit and future income taxes, formerly deferred income taxes, at January 1, 2000, were unaffected by the change.

Under this new accounting standard, future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Company's provision for current income taxes and the difference between opening and ending balances of future income tax assets and liabilities.

Prior to adoption of this new accounting standard, income tax expense was determined using the deferred method. Under this method, deferred income tax expense was based on differences between the accounting and tax incomes and were measured at tax rates in effect in the year the differences originated. The benefits of tax losses were not recognized unless there was virtual certainty of realization.

J. Pension and other post-retirement benefits

Effective January 1, 2000, the Company adopted new accounting recommendations related to employee future benefits, including pension benefits and post-retirement benefits other than pensions. This new accounting changes the accounting for non-pension post-retirement benefits to an accrual basis from the cash accounting basis previously used by most companies, and with respect to pensions, required the use of a current settlement discount rate to measure the accrued pension benefit obligation. The resulting transition asset arises from a change in methodology in computing the pension asset limits under the new accounting standard. Prior to adoption of this new accounting standard, pension expense was determined using a long-term discount rate to measure accrued pension benefits.

The Company has adopted the new accounting for pension and other non-pension post-retirement benefits and has applied the provisions of the standard prospectively from January 1, 2000. In addition, the Company uses the corridor method to amortize actuarial gains or losses (such as changes in actuarial assumptions and experience gains or losses) over the average remaining service life of the employees. Under the corridor method, amortization is recorded only if the accumulated net actuarial gains or losses exceeds 10% of the greater of accrued pension benefit obligation and the value of the plan assets. Previously, actuarial gains and losses were amortized on a straight-line basis over the average remaining service life of the employees, which is 10.2 years. As a result, the expense for employee future benefits for the year ended December 31, 2000, is \$6,780,000 lower (before income taxes) than it would have been under the previous standard.

In connection with the new standard, the Company has adopted the following policies:

- i. The cost of pensions is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees.
- ii. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- iii. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees.

K. Financial instruments

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include cross-currency interest rate exchange agreements, interest exchange agreements, and, from time to time, foreign exchange option agreements and foreign exchange forward contracts. All such instruments are only used for risk management purposes and are designated as hedges of specific debt instruments. The Company accounts for these financial instruments as hedges and, as a result, the carrying values of the financial instruments are not adjusted to reflect their current market value. The net receipts or payments arising from financial instruments relating to

interest are recognized in interest expense on an accrual basis. Upon redesignation or amendment of a derivative financial instrument, the carrying value of the instrument is adjusted to fair market value. If the related hedged debt instrument has been repaid, then the gain or loss is recorded as a component of the gain or loss on repayment of the debt. Otherwise, the gain or loss is deferred and amortized over the remaining life of the original derivative instrument.

L. Stock-based compensation

The Company has a stock option plan for employees and directors. All stock options issued under this plan have an exercise price equal to the fair market value of the underlying Class B Non-Voting shares on the date of grant. As a result, no compensation expense is recorded on the grant of options under this plan. The Company also has an employee share purchase plan. Compensation expense is recognized in connection with the employee share purchase plan to the extent of the discount provided to employees from the market price on the date of issue. Consideration paid by employees on the exercise of stock options or the purchase of shares is recorded as share capital and contributed surplus. The stock option plan and share purchase plan are described in note 9A(iii).

M. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Acquisitions and divestitures

The Company has completed certain acquisitions and divestitures. The acquisitions were accounted for by the purchase method.

A. Acquisitions

i. 2000

The Company purchased an 80% interest in the Toronto Blue Jays Baseball Club ("Blue Jays") effective December 31, 2000, for cash of \$163,898,000, net of cash acquired. The purchase price is subject to certain working capital adjustments.

The Company acquired the worldwide rights for its medical database business by purchasing the assets of Medi-Fax B.V. and terminating existing royalty and licencing agreements for cash of \$26,078,000.

The Company also purchased certain periodicals, two media monitoring businesses, and 51% of the Toronto Phantom Football Club, for cash, net of cash acquired, of \$19,302,000.

ii. 1999

The Company entered into several transactions with Rawlco Communications Ltd. to acquire an FM radio station in Toronto, Ontario, and an AM and FM radio station in Calgary, Alberta. The Company also acquired three AM and one FM radio stations in British Columbia from the Fraser Valley Radio Group and purchased one FM radio station in Ottawa, and one AM and FM radio station in Smiths Falls, Ontario from CHEZ FM Inc. As consideration for these strategic acquisitions, which provide a multiple station presence in certain key markets, the Company paid cash of \$81,564,000 and issued 2,312,073 Class B Non-Voting shares having a market value at the transaction dates of \$58,236,000.

The Company acquired the assets of a paging business for cash of \$19,750,000 and purchased certain video stores, magazines and periodicals for \$5,238,000, which included the remainder of the minority interest in Canadian Business Media Ltd.

The Company formed Excite Canada, a 50:50 joint venture partnership with Excite, Inc., to provide Internet services in a localized format to the Canadian marketplace, and contributed net cash of approximately \$15,000,000 to the joint venture.

Details of the net assets acquired, at fair value, and the consideration given are as follows:

(In thousands of dollars)	2000	1999
Fixed assets	\$ 3,468	\$ 13,583
Investments	11,899	—
Goodwill	148,784	164,560
Other intangible assets	119,926	—
Other assets	14,689	20,156
	298,766	198,299
Accounts payable and accrued liabilities	89,488	18,511
Total consideration	\$ 209,278	\$ 179,788
Consideration comprises:		
Cash	\$ 209,278	\$ 121,552
Class B Non-Voting shares	—	58,236
	\$ 209,278	\$ 179,788

B. Cablesystems exchange

In addition to acquisitions noted in 2A, the Company entered into an agreement with Shaw Communications Inc. ("Shaw") to exchange certain Canadian cable television assets effective November 1, 2000. The Company exchanged its existing cable assets in British Columbia, with approximately 623,000 subscribers, for Shaw's cable assets in southern Ontario and New Brunswick, having approximately 601,000 subscribers. The cablesystems exchange was recorded at book value, with Shaw to pay the Company approximately \$3,300 per incremental subscriber gained in the exchange plus, subject to certain adjustments, reimburse the working capital exchanged between the cablesystems. No gain or loss was recorded in this exchange of assets, and proceeds from Shaw totalled \$55,120,000. This amount net of provincial sales taxes related to the exchange of assets, being \$46,709,000, has been charged against fixed assets. Costs to integrate the Shaw systems are expected to total approximately \$30,000,000 by June 2001, of which \$10,612,000 has been expensed in fiscal 2000. The remainder will be expensed as incurred.

In addition, the Company acquired certain other assets as described in note 5.

C. 1999 Divestitures

On August 16, 1999, the Company sold 12,313,435 Class A Multiple Voting shares of its subsidiary, Rogers Wireless Communications Inc. ("Wireless"), formerly Rogers Cantel Mobile Communications Inc., to AT&T Corp. ("AT&T") and British Telecommunications plc ("BT"). Contemporaneously, Wireless issued Preferred shares convertible into 15,334,453 Class A Multiple Voting shares and 12,443,324 Class B Restricted Voting shares of Wireless to AT&T and BT. These transactions, which reduced the Company's ownership in Wireless from 79.92% to 51.58%, yielded net proceeds of \$1,382,165,000 and generated a combined gain on sale and dilution gain of \$1,084,701,000 before income taxes.

D. Proceeds received on termination of merger agreement

On February 7, 2000, the Company announced that it had agreed to merge with Le Groupe Vidéotron Itée ("Vidéotron"). This agreement was subsequently terminated and, as a result, the Company received \$241,000,000, which has been recorded as income net of expenses incurred.

3. Fixed assets

Details of fixed assets, at cost, are as follows:

(In thousands of dollars)	2000	1999
Land and buildings	\$ 209,793	\$ 189,987
Towers, head-ends and transmitters	318,524	264,838
Distribution cable and subscriber drops	2,368,422	2,056,329
Wireless network equipment	1,792,512	1,570,581
Wireless network radio base station equipment	1,085,340	1,078,990
Computer equipment and software	808,089	668,275
Customer equipment	346,441	210,409
Leasehold improvements	152,143	124,053
Other equipment	333,314	284,770
	7,414,578	6,448,232
Less accumulated depreciation and amortization	3,367,249	2,909,072
	\$ 4,047,329	\$ 3,539,160

The Company has a significant ongoing capital expenditure program for the expansion and improvement of its networks. The Company estimates that its capital expenditure program for 2001 will range between \$1.3 billion and \$1.5 billion.

4. Goodwill and other intangible assets

(In thousands of dollars)	2000	(As restated – note 1D) 1999
Goodwill	\$ 1,767,971	\$ 1,627,482
Other intangible assets	119,926	—
	1,887,897	1,627,482
Less accumulated amortization	313,974	277,930
	\$ 1,573,923	\$ 1,349,552

Amortization of goodwill for 2000 amounted to \$36,044,000 (1999 — \$41,247,000).

In December 2000, the Company acquired an 80% interest in the Blue Jays which resulted in \$97,291,000 of goodwill and \$119,926,000 of other intangible assets.

During 1999, the Company reduced its ownership interest in Wireless and reduced goodwill by \$155,484,000, net of accumulated amortization (note 2C).

5. Investments

(In thousands of dollars)		Number	Description	Quoted market value	2000	Cost 1999
Publicly Traded Companies:						
AT&T Canada Inc. ("AT&T Canada")	25,002,100	Class B Deposit Receipts	\$ 1,087,591	\$ 450,104	\$ 450,092	
Cogeco Cable Inc. ("Cogeco Cable")	4,253,800	Subordinate Voting Common	145,480	187,167	—	
Cogeco Inc. ("Cogeco")	2,724,800	Subordinate Voting Common	80,654	120,818	—	
Liberate Technologies, Inc. ("Liberate")	1,536,888	Common	31,414	20,938	23,409	
	200,000	Warrants	2,018	—	—	
Terayon Communications Systems, Inc. ("Terayon")	3,237,618	Common	19,733	1	1	
Astral Communications Inc.	141,300	Class B Common Subordinate Voting	7,206	1,697	1,697	
At Home Corporation	4,336,988	Warrants — vested	1,919	—	—	
	1,932,669	Warrants — not vested	1,016	—	—	
Bid.com International Inc. ("Bid.com")	202,300	Common	200	255	486	
Canadian Satellite Communications Inc. ("CanCom")	2,035,211	Common	—	—	21,148	
Other			22,048	32,537	2,564	
			1,399,279	813,517	499,397	
Private Technology Companies:						
Futureway Communications, Inc. ("Futureway")	6,117,648	Series 2 units		26,161	—	
Other				42,450	19,212	
Other Private Companies				40,402	14,085	
Investments Accounted for by the Equity Method				50,118	21,547	
			\$ 972,648	\$ 554,241		

All investments are carried at cost, except for certain other investments which are accounted for by the equity method. Further details of investments are as follows:

A. Acquisitions in 2000

i. In 2000, the Company acquired 4,253,800 Subordinate Voting shares of Cogeco Cable for \$187,167,000 and 2,724,800 Subordinate Voting shares of Cogeco for \$120,818,000. This investment represents approximately 19% of the equity of Cogeco.

ii. The Company acquired 6,117,648 Series 2 units of Futureway for \$26,161,000. Each Series 2 unit consists of one special warrant convertible into one common share without further consideration and one-half of one Series 2 warrant with each full Series 2 warrant exercisable into one common share at an exercise price of \$4.25.

B. Dispositions in 2000

i. In 1999, the Company acquired 833,333 common shares of Liberate for \$11,680,000 and received 216,666 warrants to purchase Liberate common shares at an exercise price of US\$13.80 per warrant. Of these warrants, 116,666 vested immediately, however, any shares obtained on the exercise of these warrants may only be sold after December 30, 2000. The remaining 100,000 warrants vest over time based on certain conditions relating to subscriber set-top box deployment, with 70,000 warrants vesting automatically by March 2003. In 1999, the Company also acquired and subsequently sold 10,000 common shares of Liberate for proceeds of \$1,696,000, recording a gain on sale of \$1,555,000 before income taxes.

On January 18, 2000, Liberate completed a two-for-one share split. In 2000, the Company converted 116,666 pre split warrants which had vested upon signing of the agreement into 220,282 common shares post split, through a cashless exercise. In 2000, the Company also sold 350,000 shares of Liberate for proceeds of \$11,227,000 resulting in a gain on sale of \$8,753,000 before income taxes.

ii. During 1999, the Company purchased for nominal consideration 2,000,000 warrants to acquire common shares of Terayon for an aggregate exercise price of US\$38,000,000. The warrants were converted into 1,843,809 common shares through a cashless exercise in March 2000, and underwent a two-for-one share split on May 8, 2000. In 2000, the Company sold 450,000 common shares of Terayon for proceeds and a gain on sale of \$30,891,000 before income taxes.

iii. In 1998, the Company acquired 1,500,000 common shares and 100,000 warrants to acquire common shares of Bid.com for \$1,900,000. These warrants have an exercise price of \$1.40 per share. In 1998, the Company sold 200,000 common shares of Bid.com for proceeds of \$656,000 and recorded a gain on sale of \$403,000 before income taxes. In 1999, the Company sold 1,016,400 common shares of Bid.com for proceeds of \$18,791,000 and recorded a gain on sale of \$17,489,000 before income taxes. The Company also exercised warrants to acquire an additional 100,000 common shares of Bid.com at an exercise price of \$1.40 per share. In 2000, the Company sold 181,300 common shares of Bid.com for proceeds of \$1,527,000 and recorded a gain on sale of \$1,292,000 before income taxes.

iv. During 2000, the Company sold 2,035,211 common shares of CanCom to Shaw Communications Inc. for proceeds of \$95,655,000 and recorded a gain on sale of \$74,508,000 before income taxes.

C. Other

i. The shareholders of AT&T Canada, including the Company, are guaranteed to realize a minimum share price of \$37.50 per share, increasing at 16% per annum from June 30, 2000, until a minority shareholder of AT&T Canada exercises its right to acquire all of the shares of AT&T Canada. The disposition of this investment may occur under certain conditions at any time, but in any event, no later than June 30, 2003.

In 2000, the Company pledged 25,000,000 AT&T Canada Class B deposit receipts as security for the Preferred Securities issuance described in note 9C. The obligations under this Preferred Securities issue are secured by and have recourse solely to the 25,000,000 AT&T Canada Class B deposit receipts owned by the Company.

The Company does not intend to hold these shares as a long-term investment and has accounted for this investment on a cost basis.

ii. In 1997, the Company received warrants to acquire 1,000,000 shares of Series A Common Stock of At Home at an exercise price of US\$10.00 per share, exercisable until June 10, 2004. In 1998, the Company received an additional 2,900,000 warrants of At Home at an exercise price of US\$10.50 per share.

In 1999, the Company exercised 765,223 warrants, and sold these shares for proceeds of \$140,636,000, resulting in a gain on sale of \$140,635,000 before income taxes. In June 1999, At Home completed a two-for-one stock split, resulting in the Company holding 6,269,554 warrants, of which 917,714 are exercisable at US\$5.00 and 5,351,840 are exercisable at US\$5.25. At December 31, 2000, 322,285 of the US\$5.00 warrants and 4,014,600 of the US\$5.25 warrants had vested.

6. Deferred charges, net

(In thousands of dollars)	2000	1999
Foreign exchange losses	\$ 130,808	\$ 107,890
Financing costs	57,463	65,300
Pre-operating costs	32,852	29,684
Other costs	14,701	15,070
	\$ 235,824	\$ 217,944

Amortization of deferred charges for 2000 amounted to \$43,775,000 (1999 – \$46,505,000). Accumulated amortization as at December 31, 2000, amounted to \$181,715,000 (1999 – \$137,940,000).

In connection with the early repayment of certain long-term debt, the Company recorded a loss in 1999 of \$210,587,000, including the write-off of deferred foreign exchange costs of \$82,740,000 and deferred financing costs of \$17,147,000.

7. Other assets

(In thousands of dollars)	2000	1999
Mortgages and loans receivable, including \$1,299 from officers (1999 – \$2,356)	\$ 14,532	\$ 12,428
Inventories	64,037	74,523
Videocassette inventory	26,113	21,664
Prepaid expenses	67,213	46,205
Brand licence costs, less accumulated amortization of \$10,290 (1999 – \$7,770)	27,510	30,030
Deferred pension asset	20,070	18,494
Acquired program rights	8,722	11,882
Other assets	7,670	16,061
	\$ 235,867	\$ 231,287

8. Long-term debt

(In thousands of dollars)		Interest rate	2000	1999
A. Corporate:				
i.	Convertible Debentures, due 2005	5¾%	\$ 283,924	\$ 264,400
ii.	Senior Notes, due 2006	9⅛%	81,975	78,866
iii.	Senior Notes, due 2006	10½%	75,000	75,000
iv.	Senior Notes, due 2007	8⅞%	292,245	283,405
v.	Senior Notes, due 2007	8¾%	165,000	165,000
vi.	Convertible Subordinated Debentures, due 1999	7½%	—	—
B. Wireless:				
i.	Bank loan	Floating	—	—
ii.	Senior Secured Notes, due 2006	10½%	160,000	160,000
iii.	Senior Secured Notes, due 2007	8.30%	272,162	267,268
iv.	Senior Secured Debentures, due 2008	9⅞%	433,121	433,121
v.	Senior Secured Debentures, due 2016	9¾%	222,005	216,140
vi.	Senior Subordinated Notes, due 2007	8.80%	322,543	310,310
C. Cable:				
i.	Bank loan	Floating	—	—
ii.	Senior Secured Second Priority Notes, due 2002	9⅞%	116,389	116,389
iii.	Senior Secured Notes, due 2002	Floating	300,000	—
iv.	Senior Secured Second Priority Notes, due 2005	10%	412,146	411,685
v.	Senior Secured Second Priority Debentures, due 2007	10%	146,223	146,223
vi.	Senior Secured Second Priority Debentures, due 2012	10⅞%	172,867	172,867
vii.	Senior Secured Second Priority Debentures, due 2014	9.65%	300,000	300,000
viii.	Senior Subordinated Guaranteed Debentures, due 2015	11%	164,264	163,831
D. Media:				
	Bank loan	Floating	—	—
E. Obligations under mortgages and capital leases				
		Various	37,798	30,461
			\$ 3,957,662	\$ 3,594,966

Further details of long-term debt are as follows:

A. Corporate**i. Convertible Debentures, due 2005**

The Company's US\$225,000,000 Convertible Debentures (the "Convertible Debentures") mature on November 26, 2005. A portion of the interest equal to approximately 2.95% per annum on the issue price (or 2% per annum on the stated amount at maturity) is paid in cash semi-annually while the balance of the interest will accrue so long as these Convertible Debentures remain outstanding. Each Convertible Debenture has a face value of US\$1,000 and is convertible, at the option of the holder at any time, on or prior to maturity, into 34.368 Class B Non-Voting shares. The conversion rate as at December 31, 2000, equates to a conversion price of US\$24.49 per share (December 31, 1999 – US\$23.70 per share). These Convertible Debentures are redeemable in cash, at the option of the Company, at any time. In 2000, US\$62,000 (\$90,000) or the equivalent of US\$75,000 at maturity was converted into 2,577 Class B Non-Voting shares, while in 1999, US\$94,000 (\$139,000) or the equivalent of US\$115,000 at maturity, was converted into 3,951 Class B Non-Voting shares.

ii. Senior Notes, due 2006

The Company's US\$54,643,000 Senior Notes mature on January 15, 2006. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after January 15, 2001, at 104.563% of the principal amount, declining ratably to 100% of the principal amount on or after January 15, 2004. Interest is paid semi-annually.

iii. Senior Notes, due 2006

The Company's \$75,000,000 Senior Notes mature on February 14, 2006. Interest is paid semi-annually.

iv. Senior Notes, due 2007

The Company's US\$205,357,000 Senior Notes mature on July 15, 2007. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 15, 2002, at 104.438% of the principal amount, declining ratably to 100% of the principal amount on or after July 15, 2005, plus, in each case, interest accrued to the redemption date. Interest is paid semi-annually.

v. Senior Notes, due 2007

The Company's \$165,000,000 Senior Notes mature on July 15, 2007. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 15, 2002, at 104.375% of the principal amount, declining ratably to 100% of the principal amount on or after July 15, 2005, plus interest accrued to the redemption date. Interest is paid semi-annually.

Each of the Company's senior notes and debentures described above are senior unsecured general obligations of the Company ranking equally with each other.

vi. Convertible Subordinated Debentures, due 1999

In April 1999, the Company exercised its option to redeem the \$199,993,000 Convertible Subordinated Debentures due September 1, 1999, for the principal amount plus accrued interest up to and including May 26, 1999. As a result of the Company's notice of redemption, holders of approximately 99.6% or \$199,272,000 of the principal amount exercised their option to convert the debentures into 9,619,965 Class B Non-Voting shares, with the remaining \$721,000 redeemed for cash.

B. Wireless

i. Bank loan

No amounts were outstanding at December 31, 2000 and 1999, under the Wireless \$800,000,000 credit facility. This credit facility reduces by \$120,000,000 to \$680,000,000 on January 2, 2001, as indicated below.

Wireless may borrow under various rates, including the bank prime rate to the bank prime rate plus $\frac{3}{4}\%$ per annum, the bankers' acceptance rate plus $\frac{3}{4}\%$ to $1\frac{1}{2}\%$ per annum and the London Interbank Offered Rate ("LIBOR") plus $\frac{3}{4}\%$ to $1\frac{1}{2}\%$ per annum. Access to the credit facility is based on certain maintenance tests.

This credit facility is available on a fully revolving basis until the first date specified below, at which time the facility becomes a revolving/reducing facility and the aggregate amount of credit available under this credit facility will be reduced as follows:

Date of reduction	Reduction at each date (in thousands of dollars)
On January 2:	
2001	\$ 120,000
2002	160,000
2003	160,000
2004	160,000
2005	200,000

The credit facility requires that any additional senior debt (other than the bank loan described above) that is denominated in a foreign currency be hedged against foreign exchange fluctuations on a minimum of 50% of such additional senior borrowings in excess of the Canadian equivalent of US\$25,000,000.

Borrowings under the credit facility are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all the assets of Wireless and certain of its subsidiaries subject to certain exceptions and prior liens.

ii. Senior Secured Notes, due 2006

Wireless' \$160,000,000 Senior Secured Notes mature on June 1, 2006. These notes are redeemable at Wireless' option, in whole or in part, at any time subject to a certain prepayment premium.

iii. Senior Secured Notes, due 2007

Wireless' US\$196,110,000 Senior Secured Notes mature on October 1, 2007. These notes are redeemable at Wireless' option, in whole or in part, at any time on or after October 1, 2002, at 104.150% of the principal amount, declining ratably to 100% on or after October 1, 2005, plus in each case, interest accrued to the redemption date.

iv. Senior Secured Debentures, due 2008

Wireless' US\$333,170,000 Senior Secured Debentures mature on June 1, 2008. These debentures are redeemable at Wireless' option, in whole or in part, at any time on or after June 1, 2003, at 104.688% of the principal amount, declining ratably to 100% of the principal amount on or after June 1, 2006, plus, in each case, interest accrued to the redemption date.

v. Senior Secured Debentures, due 2016

Wireless' US\$154,900,000 Senior Secured Debentures mature on June 1, 2016. These debentures are redeemable at Wireless' option, in whole or in part, at any time subject to a certain prepayment premium.

Each of Wireless' senior secured notes and debentures described above is secured by the pledge of a senior bond which is secured by the same security as the security for the bank credit facility described in note 8B(i) above and ranks equally with the bank credit facility.

vi. Senior Subordinated Notes, due 2007

Wireless' US\$215,000,000 Senior Subordinated Notes mature on October 1, 2007, and are redeemable at Wireless' option, in whole or in part, at any time on or after October 1, 2002, at 104.400% of the principal amount, declining ratably to 100% on or after October 1, 2005, plus, in each case, interest accrued to the redemption date. These subordinated notes are subordinated to all existing and future senior secured obligations of Wireless (including the bank loan, the senior notes and senior debentures) and are not secured by the pledge of a senior bond.

Interest is paid semi-annually on all of Wireless' senior secured notes and debentures and senior subordinated notes.

C. Cable

i. Bank loan

No amounts were outstanding at December 31, 2000 and 1999, under the Rogers Cable Inc. ("Cable") loan agreement which provides for two separate credit facilities: 1. up to \$570,600,000 (1999 – \$600,000,000) senior secured reducing/revolving credit facility (the "Tranche A Credit Facility") and 2. up to \$4,755,000 (1999 – \$5,000,000) senior secured reducing/revolving credit facility (the "Tranche B Credit Facility" and, together with the Tranche A Credit Facility, the "Bank Facilities"). The Bank Facilities aggregate capacity reduces by \$60,500,000, from \$575,355,000 to \$514,855,000 on January 1, 2001, as indicated below.

The Bank Facilities require, among other things, that Cable satisfy certain financial covenants, including the maintenance of certain financial ratios. The interest rates charged on the Bank Facilities range from nil to 2¼% per annum over the bank prime rate or base rate or ¾% to 3% per annum over the bankers' acceptance rate or LIBOR.

The Bank Facilities are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all of the assets of Cable and the majority of Cable's wholly owned subsidiary companies, subject to certain exceptions and prior liens. In addition, under the terms of an inter-creditor agreement, the proceeds of any enforcement of the security under the deed of trust will be applied first to repay any obligations outstanding under the Tranche A Credit Facility. Additional proceeds will be applied pro rata to repay all other obligations of Cable secured by senior bonds, including the Tranche B Credit Facility and Cable's senior secured notes and debentures.

RCI has also agreed to provide a guarantee of the Bank Facilities, with recourse limited to the pledge of shares of Wireless or other marketable securities having a value of at least \$200,000,000.

The Bank Facilities were available on a fully revolving basis until January 1, 2000, at which time each was converted to a reducing/revolving facility and the aggregate amount of credit available under the Bank Facilities reduces as follows:

Date of reduction	Reduction at each date (in thousands of dollars)
On January 1:	
2001	\$ 60,500
2002	60,500
2003	121,605
2004	151,250
2005	181,500

ii. Senior Secured Second Priority Notes, due 2002

Cable's US\$98,103,000 Senior Secured Second Priority Notes mature on August 1, 2002.

iii. Senior Secured Notes, due 2002

Cable's \$300,000,000 Senior Secured floating rate notes were issued on November 21, 2000, and mature on May 21, 2002. The interest rate charged on the notes range from 1.25% to 3.5% per annum over the bankers' acceptance rate.

iv. Senior Secured Second Priority Notes, due 2005

Cable's US\$291,533,000 Senior Secured Second Priority Notes mature on March 15, 2005.

v. Senior Secured Second Priority Debentures, due 2007

Cable's US\$110,775,000 Senior Secured Second Priority Debentures mature on December 1, 2007. The debentures are redeemable at the option of Cable, in whole or in part, at any time on or after December 1, 2002, at 105% of the principal amount, declining ratably to 100% of the principal amount on or after December 1, 2005, plus, in each case, interest accrued to the redemption date.

vi. Senior Secured Second Priority Debentures, due 2012

Cable's US\$134,785,000 Senior Secured Second Priority Debentures mature on September 1, 2012. The debentures are redeemable at the option of Cable, in whole or in part, at any time on or after September 1, 2002, at 104% of the principal amount, declining ratably to 100% of the principal amount on or after September 1, 2006, plus, in each case, interest accrued to the redemption date.

vii. Senior Secured Second Priority Debentures, due 2014

Cable's \$300,000,000 Senior Secured Second Priority Debentures mature on January 15, 2014. The debentures are redeemable at the option of Cable, in whole or in part, at any time on or after January 15, 2004, at 104.825% of the principal amount, declining ratably to 100% of the principal amount on or after January 15, 2008, plus, in each case, interest accrued to the redemption date.

Each of Cable's senior secured notes and debentures described above is secured by the pledge of a senior bond which is secured by the same security as the security for Cable's Bank Facilities described in note 8C(i) above and rank equally in regard to the proceeds of any enforcement of security with Cable's Tranche B Credit Facility.

viii. Senior Subordinated Guaranteed Debentures, due 2015

Cable's US\$125,000,000 Senior Subordinated Guaranteed Debentures mature on December 1, 2015. The subordinated debentures are redeemable at the option of Cable, in whole or in part, at any time on or after December 1, 2005, at 105.5% of the principal amount, declining ratably to 100% of the principal amount on or after December 1, 2009, plus, in each case, interest accrued to the redemption date. The subordinated debentures are subordinated in right of payment to all existing and future senior indebtedness of Cable (including the Bank Facilities and the senior secured notes and debentures) and are not secured by the pledge of a senior bond.

Interest is paid semi-annually on all of Cable's senior secured notes and debentures and senior subordinated debentures.

D. Media**Bank loan**

No amounts were outstanding at December 31, 2000 and 1999, under Rogers Media Inc.'s ("Media") \$175,000,000 revolving bank credit facility. This credit facility reduces by \$26,250,000 to \$148,750,000 on January 1, 2001, as indicated below.

The interest rates charged on this credit facility range from the bank prime rate to the bank prime rate plus 1% per annum and the bankers' acceptance rate plus $\frac{7}{8}\%$ to $1\frac{7}{8}\%$ per annum. The credit facility requires, among other things, the maintenance of certain financial covenants.

The credit facility is secured by floating charge debentures over most of the assets of Media and certain of its subsidiaries, subject to certain exceptions.

The credit facility is available on a fully revolving basis and will be reduced as follows:

Date of reduction	Reduction at each date (in thousands of dollars)
On January 1:	
2001	\$ 26,250
2002	35,000
2003	35,000
2004	35,000
2005	43,750

E. Interest exchange agreements

i. The Company has entered into a number of cross-currency interest rate exchange agreements in order to reduce the Company's exposure to changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar. Total U.S. dollar denominated long-term debt at December 31, 2000, amounted to US\$2,111,200,000 (1999 – \$2,104,941,000), of which US\$1,289,582,000 (1999 – \$1,289,582,000) or 61.1% (1999 – 61.3%) is hedged through cross-currency interest rate exchange agreements.

The effect of these agreements is to convert the obligation to service U.S. dollar denominated debt, in the amount of US\$1,289,582,000, into Canadian dollar denominated debt at an average exchange rate of Cdn\$1.3114 to US\$1.00.

ii. The cross-currency interest rate exchange agreements have the effect of converting the interest rate on US\$846,045,000 of long-term debt from an average U.S. dollar fixed interest rate of 9.61% per annum to an average floating interest rate equal to the bankers' acceptance rate plus 3.20% per annum, which totalled 9.07% at December 31, 2000. While this has the effect of converting \$1,077,169,000 of fixed-rate debt to floating rate debt, the Company has entered into a number of interest exchange agreements ranging in reference interest rates of 10.46% to 10.48% per annum and with maturity dates at August 2001. These interest exchange agreements have the effect of converting \$50,000,000 of floating rate obligations of the Company to fixed interest rates based on the range specified above. For the remaining US\$443,537,000 of the cross-currency interest rate exchange agreements, the interest rate has been converted from an average U.S. dollar fixed interest rate of 9.58% per annum to an average Canadian dollar fixed interest rate of 10.65% per annum. The total long-term debt at fixed interest rates at December 31, 2000, was \$2,626,700,000 (1999 – \$2,699,371,000) or 66.4% (1999 – 75.1%) of total long-term debt.

The Company's effective weighted-average interest rate on all long-term debt as at December 31, 2000, including the effect of the interest exchange agreements and cross-currency interest rate exchange agreements, was 9.11% (1999 – 9.34%).

The obligations under US\$1,289,582,000 of the cross-currency interest rate exchange agreements and the interest exchange agreements are secured by substantially all of the assets of the respective subsidiary companies to which they relate and generally rank equally with the other secured indebtedness of such subsidiary companies.

F. Debt repayment

In 1999, the Company repurchased US\$860,624,000 of U.S. dollar denominated long-term debt with partial repurchases of: Corporate's Senior Notes due 2006 and 2007; Wireless, Senior Secured Notes due 2007 and Senior Secured Debentures due 2008 and 2016; and Cable's Senior Secured Second Priority Notes due 2002, 2005 and 2007 and Senior Secured Second Priority Debentures due 2012. As a result, the Company paid a prepayment premium of \$106,376,000, incurred a loss from redesignating certain cross-currency interest rate exchange agreements of \$4,324,000, and wrote off deferred financing costs of \$17,147,000 and deferred foreign exchange of \$82,740,000, resulting in a net loss on repayment of \$210,587,000 (note 6).

G. Principal repayments

As at December 31, 2000, principal repayments due within each of the next five years on all long-term debt are as follows:

(In thousands of dollars)

2001	\$ 4,320
2002	420,911
2003	4,268
2004	577
2005	696,609
	1,126,685
Thereafter	2,830,977
	\$ 3,957,662

The provisions of the long-term debt agreements described above impose, in most instances, restrictions on the operations and activities of the companies governed by these agreements. Generally, the most significant of these restrictions are debt incurrence and maintenance tests, restrictions upon additional investments, sales of assets and payment of dividends. In addition, the repayment dates of certain debt agreements accelerate if there is a change in control of the respective companies.

9. Shareholders' equity

(In thousands of dollars)		2000	(As restated – note 1D) 1999
Capital stock issued, at stated value:			
Preferred shares:			
Held by subsidiary companies:			
105,500	Series XXIII	\$ 105,500	\$ 105,500
253,500	Series XXVI	253,500	253,500
150,000	Series XXVII	150,000	150,000
30,000	Series XXIX	30,000	30,000
818,300	Series XXX	10,000	10,000
300,000	Series XXXI	300,000	300,000
300,000	Series XXXII	300,000	300,000
Held by members of the Company's share purchase plans:			
160,221	Series B (1999 – 190,584 shares)	2,019	2,401
170,852	Series E (1999 – 179,473 shares)	2,922	3,069
Common shares:			
56,240,494	Class A Voting shares	72,320	72,320
147,856,858	Class B Non-Voting shares (1999 – 146,244,892 shares)	240,235	237,616
		1,466,496	1,464,406
Deduct:			
Amounts receivable from employees under certain share purchase plans, including \$1,478 from officers (1999 – \$1,754)		4,249	4,923
Preferred shares of the Company held by subsidiary companies		1,149,000	1,149,000
Total capital stock		313,247	310,483
Convertible Preferred Securities		576,000	576,000
Warrants to purchase Class B Non-Voting shares		24,000	24,000
Preferred Securities		952,147	—
Contributed surplus		613,825	601,744
Deficit		(63,041)	(160,510)
		\$ 2,416,178	\$ 1,351,717

A. Capital stock

i. Preferred shares

Rights and conditions

There are 400,000,000 authorized Preferred shares without par value, issuable in series, with rights and terms of each series to be fixed by the Board of Directors prior to the issue of such series.

The Series XX Preferred shares were non-voting, redeemable at \$20 per share after June 30, 1999 at the option of the Company, carried the right to cumulative dividends at a rate equal to 5% per annum and were convertible into Class B Non-Voting shares at \$24.75 per share. These shares were converted into 10,909,090 Class B Non-Voting shares in 1999.

The Series XXIII Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate equal to the bank prime rate plus 1¾% per annum applied to the redemption value.

The Series XXV Preferred shares were non-voting, redeemable at \$1,000 per share at the option of the Company and carried the right to cumulative dividends at a rate equal to 87.25% of the bank prime rate per annum applied to the redemption value. These shares were redeemed by the Company in 1999.

The Series XXVI Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate of 11⅞% per annum.

The Series XXVII Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate equal to the bank prime rate plus 1¾% per annum.

The Series XXIX Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate equal to the bank prime rate plus 1¾% per annum.

The Series XXX Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to non-cumulative dividends at a rate of 9½% per annum.

The Series XXXI Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate of 9⅞% per annum.

The Series XXXII Preferred shares are non-voting, are redeemable at \$1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate of 9.05% per annum.

The Series XXIII, XXVI, XXVII, XXIX, XXX, XXXI and XXXII Preferred shares are held by subsidiaries of the Company. The Series XX and XXV Preferred shares were held by companies controlled by the controlling shareholder of the Company.

The Series B and E Convertible Preferred shares are non-voting and are redeemable and retractable under certain conditions. All of these shares are convertible at the option of the holder up to the mandatory date of redemption into Class B Non-Voting shares of the Company at a conversion rate equal to one Class B Non-Voting share for each share to be converted. These shares are entitled to receive, ratably with holders of the Class B Non-Voting shares, cash dividends per share in an amount equal to the cash dividends declared and paid per share on Class B Non-Voting shares.

ii. Common shares

Rights and conditions

There are 200,000,000 authorized Class A Voting shares without par value. The Class A Voting shares may receive a dividend at an annual rate of up to \$0.05 per share only after the Class B Non-Voting shares have been paid a dividend at an annual rate of \$0.05 per share. The Class A Voting shares are convertible on a one-for-one basis into Class B Non-Voting shares.

There are 1,400,000,000 authorized Class B Non-Voting shares with a par value of \$1.62478 per share. The Class A Voting and Class B Non-Voting shares will share equally in dividends after payment of a dividend of \$0.05 per share for each class.

iii. Stock option and share purchase plans

a. Stock option plan

The Company provides a stock option plan to key employees and officers to encourage executives to acquire a meaningful equity ownership interest in the Company over a period of time, and as a result, reinforce executives' attention on the long-term interest of the Company and its shareholders. Under the plan, options to purchase Class B Non-Voting shares of the Company may be granted to key employees, directors and officers of the Company and its affiliates by the Board of Directors or by the Company's Management Compensation Committee. There are 19,790,171 (1999 – 15,142,900) options authorized under the plan. The term of each option is ten years; the vesting period is generally four years but may

be extended by the Management Compensation Committee. The exercise price for options is the weighted-average trading price of the Class B Non-Voting shares of the Company on The Toronto Stock Exchange for the five business days prior to the grant.

In addition, certain key employees and officers of Wireless participate in Wireless' stock option plan.

Details of stock options are as follows:

	2000		1999	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding, beginning of year	13,684,401	\$ 12.56	12,950,150	\$ 8.29
Granted	4,356,106	27.48	2,601,200	29.91
Exercised	(1,570,405)	8.97	(865,074)	8.31
Forfeited	(621,025)	14.25	(1,001,875)	6.29
Outstanding, end of year	15,849,077	16.84	13,684,401	12.56
Exercisable, end of year	6,802,230	\$ 10.20	5,074,494	\$ 8.75

At December 31, 2000, the range of exercise prices, the weighted-average exercise price and the weighted-average remaining contractual life are as follows:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
\$5.78 to \$8.52	6,424,676	3.2	\$ 6.65	4,559,145	\$ 6.84
\$9.46 to \$12.64	2,357,995	7.4	12.01	1,440,710	11.75
\$16.75 to \$23.77	3,752,906	9.1	23.27	375,250	19.86
\$25.44 to \$38.16	3,313,500	8.0	33.17	427,125	32.85
	15,849,077		16.84	6,802,230	10.20

Compensation expense related to stock options for 2000 and 1999 was nil.

b. Employee share purchase plan

The employee share purchase plan is provided to enable certain employees of the Company and its subsidiaries an opportunity to obtain an equity interest in the Company by permitting them to acquire Class B Non-Voting shares.

The price paid by the employees for the Class B Non-Voting shares is the lesser of 85% of the closing price at which the shares were traded on The Toronto Stock Exchange on the trading day immediately prior to the purchase date or the closing price on a date which is approximately one year subsequent to the original issue date.

Under the plan, the Company sold 169,089 Class B Non-Voting shares for cash of \$5,174,000 in 1999 and no shares in 2000.

In addition, employees of Wireless may participate in Wireless' employees share purchase plan.

iv. During 2000, the Company completed the following capital stock transactions:

a. 30,363 Series B and 8,621 Series E Convertible Preferred shares with a value of \$529,000 were converted to 38,984 Class B Non-Voting shares;

b. 2,577 Class B Non-Voting shares were issued to debenture holders on conversion of US\$62,000 of Convertible Debentures, due 2005 (note 8A(i)); and

c. 1,570,405 Class B Non-Voting shares were issued to employees upon the exercise of options for cash of \$14,081,000.

As a result of the above transactions, \$12,081,000 of the issued amounts related to Class B Non-Voting shares was recorded in contributed surplus.

v. During 1999, the Company completed the following capital stock transactions:

- a. All of the issued and outstanding Series XXV Preferred shares were redeemed for \$170,000,000;
- b. 6,178 Series B and 2,021 Series E Convertible Preferred shares held by trustees of the Company's share purchase plans and relating to former employees of the Company were cancelled. The capital stock account has been reduced by \$78,000 and \$39,000, respectively;
- c. 57,859 Series B and 9,176 Series E Convertible Preferred shares with a value of \$881,000 were converted to 66,688 Class B Non-Voting shares.
- d. 3,951 and 9,619,965 Class B Non-Voting shares were issued to debenture holders on conversion of US\$94,000 of Convertible Debentures, due 2005 (note 8A(i)) and \$199,272,000 of Convertible Subordinated Debentures, due 1999 (note 8A(vi)), respectively;
- e. 13,500,000 Series XX Preferred shares with a value of \$270,000,000 were converted into 10,909,090 Class B Non-Voting shares;
- f. 300,000 Series XXXII Preferred shares were issued to a subsidiary company for \$300,000,000;
- g. 2,312,073 Class B Non-Voting shares with a value of \$58,236,000 were issued as partial consideration for the acquisition of certain radio stations (note 2A(ii));
- h. 865,074 Class B Non-Voting shares were issued to employees upon the exercise of options for cash of \$7,190,000;
- i. 154,803 Class B Non-Voting shares related to the Management Share Purchase Plan held in a trust by a subsidiary company and related to former employees of the Company were cancelled. The capital stock account has been reduced by \$1,304,000;
- j. 110,340,680 Class B Non-Voting shares held by subsidiaries of the Company were cancelled on the wind-up of these subsidiaries; and
- k. 169,089 Class B Non-Voting shares were issued to employees pursuant to Employee Share Purchase Plans for cash of \$5,174,000.

As a result of the above transactions, \$226,307,000 of the issued amounts related to the Class B Non-Voting shares was recorded in contributed surplus.

vi. The Articles of Continuance of the Company under the Company Act (British Columbia) impose restrictions on the transfer, voting and issue of the Class A Voting and Class B Non-Voting shares in order to ensure that the Company remains qualified to hold or obtain licences required to carry on certain of its business undertakings in Canada.

The Company is authorized to refuse to register transfers of any shares of the Company to any person who is not a Canadian in order to ensure that the Company remains qualified to hold the licences referred to above.

B. Convertible Preferred Securities and warrants

In 1999, the Company issued Convertible Preferred Securities ("Convertible Preferred Securities") with a face value of \$600,000,000 to a subsidiary of Microsoft Corporation ("Microsoft"). These Convertible Preferred Securities bear interest at 5½% per annum, payable quarterly in cash, Class B Non-Voting shares or additional Convertible Preferred Securities, at the Company's option. The Convertible Preferred Securities are convertible in whole, or in part, at any time, at Microsoft's option, into 28.5714 Class B Non-Voting shares per \$1,000 aggregate principal amount of Convertible Preferred Securities, representing a conversion price of \$35.00 per Class B Non-Voting share. The Convertible Preferred Securities mature on August 11, 2009, and are callable by the Company on or after August 11, 2004, subject to certain conditions. The Company has the option of repaying the Convertible Preferred Securities in cash or Class B Non-Voting shares.

As part of the transaction to issue Convertible Preferred Securities, the Company issued to Microsoft 5,333,333 warrants each exercisable into one Class B Non-Voting share of the Company. The warrants are exercisable at any time up to August 11, 2002, at \$35.00 per Class B Non-Voting share.

The Company received aggregate proceeds of \$600,000,000 for the issue of Convertible Preferred Securities and warrants, which have been allocated to Convertible Preferred Securities, including the conversion feature, in the amount of \$576,000,000 and the warrants in the amount of \$24,000,000. Interest on the Convertible Preferred Securities is recorded as a charge to retained earnings, similar to a dividend.

C. Preferred Securities

On August 10, 2000, the Company issued \$1,154,364,000 principal amount of Preferred Securities due June 30, 2003, with an interest rate of 7.27% per annum, compounded quarterly. The Preferred Securities may be settled in whole or in part, at the Company's option, into Class B Non-Voting shares, the number of which are based on the daily average trading prices of the Class B Non-Voting shares. Interest of approximately \$216,864,000 to June 30, 2003, was prepaid, with the Company receiving net proceeds of \$937,500,000, which less fees and expenses of \$12,235,000 resulted in \$925,265,000 of net proceeds. Contemporaneously, the Company entered into an interest exchange agreement effectively exchanging the fixed interest rate to a floating interest rate agreement at bankers' acceptance rate plus 1.25%. The Company's obligation under this interest exchange agreement may be settled, at the Company's option, in cash or Class B Non-Voting shares of the Company. Accreted interest on the Preferred Securities is recorded as a charge to retained earnings, similar to a dividend.

The obligations under these Preferred Securities are secured solely by 25,000,000 AT&T Canada Class B deposit receipts as outlined in note 5A. There is no recourse to any other assets of the Company.

D. In 2000, the Company declared and paid dividends on the outstanding Preferred Share Series B and E and the Class A Voting and Class B Non-Voting shares totalling \$10,200,000 (1999 – nil) at \$0.05 per share.

10. Income taxes

Effective January 1, 2000, the Company uses the asset and liability method accounting for income taxes. The income tax effects of temporary differences that give rise to significant portions of future income tax assets and liabilities are as follows. The 1999 comparative figures in the following table have been restated to give effect to the asset and liability method.

(In thousands of dollars)	(As restated – note 1D)	
	2000	1999
Future income tax assets:		
Non-capital loss carryforwards	\$ 523,086	\$ 586,122
Future deductions relating to long-term debt and other transactions denominated in foreign currencies	84,010	80,266
Total future income tax assets	607,096	666,388
Less valuation allowance	342,528	309,584
	264,568	356,804
Future income tax liabilities:		
Fixed assets and inventory	(254,078)	(301,930)
Investments	(107,440)	(147,746)
Goodwill	(35,718)	(35,442)
Other	(12,892)	(10,489)
Total future income tax liabilities	(410,128)	(495,607)
Net future income tax liability	\$ (145,560)	\$ (138,803)

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the period in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the income tax asset, and the tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criterion, a valuation allowance is recorded against the future tax assets.

Total income tax expense varies from the amounts that would be computed by applying the effective income tax rate to the income before income taxes for the following reasons:

(In thousands of dollars)		(As restated – note 1D) 2000 1999	
Effective income tax rate		44.0%	44.5%
Effective income tax expense on the income before income taxes and non-controlling interest	\$ 67,785		\$ 405,062
Increase (decrease) in income taxes resulting from:			
Change in the valuation allowance for future income tax assets	(3,127)		—
Adjustments to future income tax assets and liabilities for changes in substantively enacted tax rates	19,000		—
Effect of losses of subsidiaries, the tax effect of which has not been recorded	—		46,667
Utilization of losses carried forward not previously recorded	—		(60,852)
Non-deductible depreciation and amortization	13,378		23,898
Non-deductible long-term debt repayment costs	—		21,102
Non-taxable portion of gain on sale of subsidiaries, assets and other investments	(52,612)		(366,933)
Other items	(6,978)		1,886
Large Corporations Tax	10,016		9,399
Actual income tax expense	\$ 47,462		\$ 80,229

As at December 31, 2000, the Company has the following non-capital losses available to reduce future years' income for income tax purposes:

(In thousands of dollars)	
Income tax losses expiring in the year ending December 31:	
2001	\$ 58,900
2002	172,100
2003	186,400
2004	477,100
2005	170,800
2006	89,300
2007	277,000
	\$ 1,431,600

11. Earnings per share

Basic earnings per share amounts have been calculated based on the weighted-average number of Class A Voting and Class B Non-Voting shares outstanding during the year after giving effect to the ownership of the Company's Class B Non-Voting shares by subsidiary companies and after deducting dividends on Preferred shares and distributions and accretion on the Convertible Preferred Securities and Preferred Securities.

Adjusted basic earnings per share have been calculated based on the weighted-average number of Class A Voting and Class B Non-Voting shares determined above, adjusted to reflect the conversion into Class B Non-Voting shares of the Company's convertible debentures and Convertible Preferred shares as if such conversions occurred at the beginning of the year.

Fully diluted earnings per share have been calculated based on the weighted-average number of Class A Voting and Class B Non-Voting shares determined above, adjusted to reflect the conversion into Class B Non-Voting shares of the Company's convertible debentures, Convertible Preferred shares, warrants, and the exercise of stock options.

Supplementary fully diluted earnings per share include the dilutive effect of converting the Preferred Securities into Class B Non-Voting shares. The effect of converting the Convertible Preferred Securities into Class B Non-Voting shares is anti-dilutive. The number of shares that would be issued by the Company to settle the Preferred Securities is based on 95% of the average trading price of the Class B Non-Voting shares for the 20 days prior to December 31, 2000. The number of supplementary fully diluted shares outstanding is 252,975,000 and supplementary fully diluted earnings per share for the year ended December 31, 2000, is \$0.42 per share.

12. Pensions

The Company maintains both contributory and non-contributory defined benefit pension plans which cover most of its employees. The plans provide pensions based on years of service, years of contributions and earnings. The Company does not provide any non-pension post-retirement benefits.

A. 2000

Actuarial estimates are based on projections of employees' compensation levels at the time of retirement. Maximum retirement benefits are primarily based upon career average earnings. The most recent actuarial valuations were completed as at January 1, 1998.

The estimated present value of accrued plan benefits and the estimated market value of the net assets available to provide for these benefits at December 31, 2000, is as follows:

(In thousands of dollars)

Plan assets, at fair value	\$ 382,193
Projected benefit obligations	275,065
Excess of plan assets over projected benefit obligations	107,128
Unrecognized transition asset and experience gains	(67,789)
Unrecognized net gain from past experience	(19,269)
Deferred pension asset	\$ 20,070

Pension fund assets consist primarily of fixed income and equity securities, valued at market value. The following information is provided on pension fund assets:

(In thousands of dollars)

Plan assets, January 1, 2000	\$ 358,121
Actual return on plan assets	29,771
Contributions by employees	11,188
Benefits paid	(16,887)
Plan assets, December 31, 2000	\$ 382,193

Projected benefit obligations are outlined below:

(In thousands of dollars)

Projected benefit obligations, January 1, 2000	\$ 204,956
Service cost	11,800
Interest cost	18,912
Benefits paid	(16,887)
Changes in assumptions and actuarial gains	56,284
Projected benefit obligations, December 31, 2000	\$ 275,065

Net plan expense (recovery) is outlined below:

(In thousands of dollars)

Plan cost:	
Service cost – benefits paid	\$ 11,800
Interest cost on projected benefit obligations	18,912
Interest on plan assets	(28,034)
Amortization of transition asset and net gain from past experience	(9,458)
Net plan recovery	\$ (6,780)

Actuarial assumptions	
Weighted-average discount rate for projected benefit obligations	7.00%
Weighted-average rate of compensation increase	5.00%
Weighted-average expected long-term rate of return on plan assets	8.25%

B. 1999

Actuarial estimates prepared as at December 31, 1999, were based on projections of employees' compensation levels to the time of retirement and indicate the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market, were as follows:

(In thousands of dollars)

Pension fund assets	\$ 358,121
Accrued pension benefits	204,956

Pension expense for 1999 was \$363,000.

13. Segmented information

The Company provides wireless services, cable services, and through a media group, radio and television broadcasting and the publication of magazines and periodicals. All of these operating segments are substantially in Canada. Information by operating segment for the years ended December 31, 2000 and 1999, are as follows:

(In thousands of dollars) 2000	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue	\$ 1,532,063	\$ 1,291,161	\$ 681,023	\$ —	\$ 3,504,247
Operating, general and administrative expenses	1,121,139	833,384	603,633	28,366	2,586,522
Operating income before the undernoted	410,924	457,777	77,390	(28,366)	917,725
Management fees	10,374	25,949	10,309	(46,632)	—
Integration costs on cablesystems exchange	—	10,612	—	—	10,612
Depreciation and amortization	334,619	348,294	29,306	18,560	730,779
Operating income	65,931	72,922	37,775	(294)	176,334
Interest expense	128,472	158,124	826	72,190	359,612
Intercompany:					
Interest expense (income)	4,107	33,901	110,092	(148,100)	—
Dividends	—	(39,380)	(125,537)	164,917	—
Gain on sale of assets and investments	—	(30,891)	(1,292)	(80,289)	(112,472)
Proceeds received on termination of merger agreement, net	—	—	—	(222,456)	(222,456)
Other items, net	577	3,359	3,642	(9,986)	(2,408)
Income tax expense (recovery)	4,524	(32,497)	100	75,335	47,462
Non-controlling interest	—	—	—	(34,846)	(34,846)
Net income (loss)	\$ (71,749)	\$ (19,694)	\$ 49,944	\$ 182,941	\$ 141,442
Capital expenditures, net	\$ 525,993	\$ 650,349	\$ 34,097	\$ 2,295	\$ 1,212,734
Goodwill acquired	\$ —	\$ —	\$ 40,424	\$ 108,360	\$ 148,784
Identifiable assets	\$ 2,364,343	\$ 3,113,355	\$ 653,370	\$ 1,735,227	\$ 7,866,295

(In thousands of dollars) 1999	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
(As restated — note 1D)					
Revenue	\$ 1,351,723	\$ 1,148,519	\$ 607,604	\$ —	\$ 3,107,846
Operating, general and administrative expenses	929,395	737,314	530,352	16,957	2,214,018
Operating income before the undernoted	422,328	411,205	77,252	(16,957)	893,828
Management fees	9,851	23,156	9,236	(42,243)	—
Depreciation and amortization	285,458	289,111	21,237	23,307	619,113
Operating income	127,019	98,938	46,779	1,979	274,715
Interest expense	153,772	183,540	502	103,002	440,816
Intercompany:					
Interest expense (income)	11,347	109,453	73,926	(194,726)	—
Dividends	—	(35,543)	(96,640)	132,183	—
Gain on sale of assets and investments	—	(88,469)	(17,489)	(1,138,422)	(1,244,380)
Loss on early repayment of long-term debt	69,331	108,423	—	32,833	210,587
Other items, net	(1,661)	1,004	(25,176)	(16,727)	(42,560)
Income tax expense (recovery)	(69,941)	(74,081)	(994)	225,245	80,229
Non-controlling interest	—	—	—	(34,698)	(34,698)
Net income (loss)	\$ (35,829)	\$ (105,389)	\$ 112,650	\$ 893,289	\$ 864,721
Capital expenditures, net	\$ 400,959	\$ 413,463	\$ 18,203	\$ (202)	\$ 832,423
Goodwill acquired	\$ 12,455	\$ 300	\$ 151,805	\$ —	\$ 164,560
Identifiable assets	\$ 2,116,103	\$ 2,688,404	\$ 564,784	\$ 882,227	\$ 6,251,518

14. Financial instruments

A. Fair values

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

- i. Cash and short-term deposits, accounts receivable, amounts receivable from employees under share purchase plans, mortgages and loans receivable, bank advances, and accounts payable and accrued liabilities:

The carrying amounts in the consolidated balance sheets approximate fair values because of the short-term nature of these instruments.

- ii. Investments

The fair values of investments which are publicly traded are determined by the quoted market values for each of the investments (note 5). The fair values of other investments approximate their carrying amounts.

- iii. Long-term debt

The fair values of each of the Company's long-term debt instruments are based on the current trading values.

iv. Interest exchange agreements:

The fair values of the Company's interest exchange agreements and cross-currency interest rate exchange agreements are based on values quoted by the counterparties to the agreements.

The estimated fair values of the Company's long-term debt and related interest exchange agreements as at December 31, 2000 and 1999, are as follows:

	2000		1999	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Liability (asset):				
Long-term debt	\$ 4,201,169	\$ 4,297,342	\$ 3,765,096	\$ 3,914,892
Interest exchange agreements	—	2,336	—	11,072
Cross-currency interest rate exchange agreements	(243,507)	(261,946)	(170,130)	(168,516)
	\$ 3,957,662	\$ 4,037,732	\$ 3,594,966	\$ 3,757,448

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

B. Other disclosures

i. The credit risk of the interest exchange agreements and cross-currency interest rate exchange agreements arises from the possibility that the counterparties to the agreements may default on their obligations under the agreements in instances where these agreements have positive fair value to the Company. The Company assesses the creditworthiness of the counterparties in order to minimize the risk of counterparty default under the agreements. All of the portfolio is held by financial institutions with a Standard & Poor's rating (or the equivalent) ranging from A+ to AA-.

ii. The Company does not require collateral or other security to support the credit risk associated with the interest exchange agreements and cross-currency interest rate exchange agreements due to the Company's assessment of the creditworthiness of the counterparties.

iii. The Company does not have any significant concentrations of credit risk related to any financial asset.

15. Commitments

The future minimum lease payments under operating leases for the rental of premises, distribution facilities, equipment and microwave towers and commitments for other contracts at December 31, 2000, are as follows:

(In thousands of dollars)

Year ending December 31:	
2001	\$ 222,130
2002	171,752
2003	137,915
2004	97,705
2005	52,330
2006 and thereafter	69,089
	\$ 750,921

Rent expense for 2000 amounted to \$100,174,000 (1999 — \$96,688,000).

16. Contingent liabilities

There exist certain legal actions against the Company, none of which is expected to have a material adverse effect on the consolidated financial position of the Company.

17. Canadian and United States accounting policy differences

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in Canada. In the following respects, GAAP as applied in the United States differs from that applied in Canada.

If United States GAAP were employed, the income in each year would be adjusted as follows:

(In thousands of dollars, except per share amounts)	(As restated – note 1D)	
	2000	1999
Net income for the year based on Canadian GAAP	\$ 141,442	\$ 864,721
Foreign exchange loss (A)	(25,155)	166,169
Gain on sale and issuance of subsidiary shares to non-controlling interest (B)	—	46,245
Gain on sale of cable systems (C)	36,696	(7,294)
Loss on early repayment of long-term debt (D)	—	82,740
Pre-operating costs (E)	(1,835)	(24,551)
Interest on Convertible Preferred Securities and Preferred Securities (F)	(62,241)	(13,748)
Capitalized interest (G)	7,079	—
Other	4,272	(3,566)
Income taxes (H)	13,451	(248,316)
Non-controlling interest effect of adjustments	8,257	(25,226)
Net income based on United States GAAP	\$ 121,966	\$ 837,174
Comprises the following:		
Income before extraordinary item	\$ 121,966	\$ 910,470
Extraordinary item (D)	—	(73,296)
	\$ 121,966	\$ 837,174
Earnings per share based on United States GAAP:		
Basic:		
Before extraordinary item	\$ 0.60	\$ 4.73
After extraordinary item	0.60	4.34
Diluted:		
Before extraordinary item	0.52	4.13
After extraordinary item	0.52	3.80

The cumulative effect of these adjustments on the consolidated shareholders' equity of the Company is as follows:

(In thousands of dollars)	2000	(As restated — note 1D) 1999
Shareholders' equity based on Canadian GAAP	\$ 2,416,178	\$ 1,351,717
Foreign exchange loss (A)	(101,178)	(76,023)
Gain on sale and issuance of subsidiary shares to non-controlling interest (B)	46,245	46,245
Gain on sale of cable systems (C)	140,626	103,930
Pre-operating costs (E)	(32,687)	(29,684)
Preferred Securities (F)	(1,531,421)	(576,915)
Capitalized interest (G)	7,079	—
Capital stock (I)	—	(4,775)
Unrealized holding gain on investments (J)	584,848	1,418,504
Other	(31,475)	(36,915)
Income taxes (H)	(407,207)	(636,642)
Non-controlling interest effect of adjustments	(16,969)	(25,226)
Shareholders' equity based on United States GAAP	\$ 1,074,039	\$ 1,534,216

The areas of material difference between Canadian and United States GAAP and their impact on the consolidated financial statements of the Company are described below:

A. Foreign exchange

United States GAAP requires that gains and losses on foreign exchange resulting from the translation of long-term debt denominated in U.S. dollars be charged to income and expense when incurred. Canadian GAAP requires the amortization of foreign exchange gains or losses over the remaining life of the long-term debt.

B. Gain on sale and issuance of subsidiary shares to non-controlling interest
Under United States GAAP, the carrying value of the Company's investment in Wireless would be lower than the carrying value under Canadian GAAP as a result of certain differences between Canadian and United States GAAP as described herein. This results in an increase to the gain on sale and dilution under United States GAAP.

C. Gain on sale of cable systems

Under Canadian GAAP, the cash proceeds on the non-monetary exchange of the cable assets in 2000 were recorded as a reduction in the carrying value of fixed assets. Under United States GAAP, a portion of the cash proceeds received must be recognized as a gain in the consolidated statements of income on an after-tax basis. The gain amounted to \$40,274,000 before income taxes.

Under Canadian GAAP, the after-tax gain arising on the sale of certain of the Company's cable television systems in prior years was recorded as a reduction of the carrying value of subscribers acquired in a contemporaneous acquisition of certain cable television systems. Under United States GAAP, the Company included the gain on sale of the cable television systems in income, net of related deferred income taxes. As a result, amortization expense under United States GAAP is increased in subsequent years.

D. Loss on early repayment of long-term debt

Under United States GAAP, the loss on early repayment of long-term debt in 1999 would be reduced by the write-off of deferred foreign exchange loss in the amount of \$82,740,000. In addition, the loss, net of related income taxes, would be classified as an extraordinary item for United States GAAP purposes.

E. Pre-operating costs

Under Canadian GAAP, the Company defers the incremental costs relating to the development and pre-operating phases of new businesses and amortizes these costs on a straight-line basis over periods up to five years. Under United States GAAP, these costs are expensed as incurred.

F. Preferred Securities

Under Canadian GAAP, the Convertible Preferred Securities and Preferred Securities are classified as shareholders' equity and the related interest expense is recorded as a distribution from retained earnings. Under United States GAAP, these securities are classified as long-term debt and the related interest expense is recorded in the consolidated statements of income.

G. Interest capitalization

United States GAAP requires capitalization of interest costs as part of the historical cost of acquiring certain qualifying assets which require a period of time to prepare for their intended use. This is not required under Canadian GAAP. Interest is capitalized only during the period the assets are under construction.

H. Income taxes

Included in the caption "Income taxes" is the tax effect of various adjustments where appropriate and the impact of substantively enacted rate changes that would not have been recorded under United States GAAP. Under Canadian GAAP, future income tax assets and liabilities are remeasured for substantively enacted rate changes, whereas under United States GAAP, future income tax assets and liabilities are only remeasured for enacted tax rates. In 1999, this caption also included income tax expense that is required to be recorded under United States GAAP on the dilution gain arising on the issue of shares by Wireless to third parties. Canadian GAAP did not require income tax expense to be recorded in respect of this item.

I. Capital stock

United States GAAP requires that loans receivable from employees relating to share purchases be presented in the consolidated balance sheets as a deduction from capital stock. Canadian GAAP permits these amounts to be shown as assets in certain circumstances.

United States GAAP requires the disclosure of the liquidation preference of capital stock. All series of Preferred shares of the Company share equally in the distribution of assets upon liquidation, in priority to the Class A Voting and Class B Non-Voting shares.

J. Unrealized holding gain on investments

United States GAAP requires that certain investments in equity securities that have a readily determinable fair values be recorded in the consolidated balance sheets at their fair values. The unrealized holding gains and losses from these investments, which are considered to be "available-for-sale securities" under United States GAAP, are included as a separate component of shareholders' equity and comprehensive income, net of related future income taxes.

K. Operating income before depreciation and amortization

United States GAAP requires that depreciation and amortization be included in the determination of operating income and does not permit the disclosure of a subtotal of the amount of operating income before this item. Canadian GAAP permits the disclosure of a subtotal of the amount of operating income before this item.

L. Statements of cash flows

i. Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items in the consolidated statements of cash flows. United States GAAP does not permit this subtotal to be included.

ii. Canadian GAAP permits bank advances to be included in the determination of cash and cash equivalents in the consolidated statements of cash flows. United States GAAP requires that bank advances be reported as financing cash flows. As a result, under United States GAAP, the decrease in bank advances in the amount of \$1,383,000 in 1999 reflected in the consolidated statements of cash flows would be reported as a use of cash under the heading "Financing" in the cash flow statements.

M. Statement of comprehensive income

United States GAAP requires the disclosure of a Statement of Comprehensive Income. Comprehensive income generally encompasses all changes in shareholders' equity except those arising from transactions with shareholders.

(In thousands of dollars)	2000	1999
Net income based on United States GAAP	\$ 121,966	\$ 837,174
Other comprehensive income, net of tax:		
Unrealized holding gains (losses) arising during the year	(509,644)	1,217,058
Realized gains included in income	(81,919)	(159,679)
Comprehensive income (loss) based on United States GAAP	\$ (469,597)	\$ 1,894,553

N. Stock-based compensation disclosures

The Company measures compensation expense relating to employee stock option plans for United States GAAP purposes using the intrinsic value method specified by APB Opinion No. 25, which in the Company's circumstances would not be materially different from compensation expenses as determined under Canadian GAAP.

Had the Company determined compensation costs based on the fair values at grant dates of the stock options granted by RCI and Wireless consistent with the method prescribed under Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 123 ("SFAS 123"), the Company's earnings per share would have been reported as the pro forma amounts indicated below:

(In thousands of dollars, except per share data)	2000	1999
Net income in accordance with U.S. GAAP as reported	\$ 121,966	\$ 837,174
Pro forma net income	100,848	825,002
Pro forma basic earnings per share	0.49	4.28
Pro forma diluted earnings per share	0.32	3.76

The weighted-average estimated fair value at the date of the grant, as defined by SFAS 123, for RCI options granted in fiscal 2000 was \$13.38 per share (1999 – \$14.23). The weighted-average fair value at the date of grant, as defined by SFAS 123, for Wireless options granted in fiscal 2000 was \$11.58 (1999 – \$21.93).

The fair value of each option granted was estimated on the date of the grant using the Black-Scholes fair value option pricing model with the following assumptions:

	2000	1999
Risk-free interest rate	5.62%	5.98%
Dividend yield	—	—
Volatility factor of the future expected market price of RCI's Class B Non-Voting shares	47.64%	44.34%
Volatility factor of the future expected market price of Wireless' Class B Restricted Voting shares	42.14%	37.98%
Weighted-average expected life of the options	5 years	5 years

For the purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period on a straight-line basis.

O. Recent accounting pronouncements

i. United States GAAP pronouncements

FASB in the United States has issued "SFAS 133" which the Company is required to adopt in the year ending December 31, 2001. SFAS 133 requires the recognition of all derivative instruments as either assets or liabilities measured at fair value. Under SFAS 133, the designation of derivative financial instruments as hedges requires the Company to meet certain requirements relating to the effectiveness of the instruments as hedges and the documentation of the hedging relationship. The Company has determined that its financial instruments used for risk management purposes would not be accounted for as hedges under this pronouncement. As a result, the unrealized gain of \$16,102,000 at December 31, 2000, on the cross-currency interest rate exchange agreements would be recorded as a cumulative effect adjustment under United States GAAP effective January 1, 2001, and any subsequent changes in the fair value of these financial instruments would be recorded as income.

During 1999, the Securities Exchange Commission ("SEC") issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 reflects the SEC staff's interpretation of basic principles of revenue recognition in existing United States generally accepted accounting principles. There was no effect on the Company's consolidated financial statements of adopting SAB 101 during 2000.

ii. Canadian GAAP pronouncements

In December 2000, The Canadian Institute of Chartered Accountants issued Section 3500, "Earnings per share", which will be effective in the Company's first quarter ended March 31, 2001. The standard will require the use of the treasury stock method for calculating fully diluted earnings per share, consistent with United States GAAP. Had the Company applied the new standard in 2000, fully diluted earnings per share would have been \$0.40 share.

18. Subsequent events

A. Subsequent to December 31, 2000, Wireless participated in the Industry Canada PCS Spectrum Auction which was completed on February 1, 2001. This auction offered four additional PCS licences of 10 MHz each in the 1.9 GHz band in each of 14 regions across Canada and an additional two licences in each of British Columbia, Alberta and eastern Quebec.

Wireless purchased a total of 23 licences in 12 of 14 regions in the auction at an aggregate cost of approximately \$394,000,000. These additional PCS licences will facilitate the expansion and enhancement of existing PCS services and provide additional capacity for the introduction of new wireless services. These licences have a 10-year term, renewable in 2011.

It is the intention of Wireless to complete a pro rata rights offering of securities to its shareholders, including RCI, in order to finance the purchase of these licences. RCI's share of this offering is estimated to be approximately \$238,000,000, with the remaining equity of approximately \$156,000,000 expected to be contributed by a non-controlling shareholder of Wireless.

B. On February 7, 2001, the Company completed the acquisition of Cable Atlantic Inc., which has cable television systems serving approximately 75,000 basic subscribers in Newfoundland. Consideration for this acquisition consisted of cash of \$91,500,000 and the issue by the Company of 4,170,330 Class B Non-Voting shares. The purchase price is subject to certain closing adjustments. Additional consideration may be payable in the future, to a maximum of \$48,000,000, contingent on the quoted market value of the Class B Non-Voting shares of the Company.

directors and officers

Directors

Ronald D. Besse^{2,3,4}
Chairman, President and
Chief Executive Officer
Canada Publishing Corporation

H. Garfield Emerson, Q.C.^{1,2,3,5}
President and
Chief Executive Officer
N M Rothschild and Sons
Canada Limited

Albert Gnat, Q.C.^{3,4,5}
Senior Partner
Lang Michener

Thomas I. Hull^{1,3,5}
Chairman and
Chief Executive Officer
The Hull Group Inc.

Robert W. Korthals^{3,4,6}
Company Director

Philip B. Lind
Vice Chairman
Rogers Communications Inc.

Alexander Mikalachki²
Professor Emeritus
Richard Ivey School of Business
The University of Western Ontario

The Hon. David R. Peterson,
P.C., Q.C.²
Senior Partner
Cassels Brock & Blackwell

Edward S. Rogers, O.C.^{1,5,6}
President and
Chief Executive Officer
Rogers Communications Inc.

Edward S. Rogers^{1,6}
Senior Vice President, Planning
Rogers Communications Inc.

Loretta A. Rogers
Company Director

William T. Schleyer^{3,6}
Private Investor

Ian H. Stewart, Q.C.²
President
Appin Investments Limited

John A. Tory, Q.C.^{1,3,5}
President
Thomson Investments Limited

J. Christopher C. Wansbrough^{1,2,4}
Chairman
Rogers Telecommunications Limited

W. David Wilson²
Co-Chairman and
Co-Chief Executive Officer
Scotia Capital

¹ Member of the Executive Committee

² Member of the Audit Committee

³ Member of the Management
Compensation Committee

⁴ Member of the Pension Committee

⁵ Member of the Nomination and
Corporate Governance Committee

⁶ Member of the Technology Committee

Officers

H. Garfield Emerson, Q.C.
Chairman

Philip B. Lind
Vice Chairman

Edward S. Rogers, O.C.
President and
Chief Executive Officer

Charles E. Hoffman
Senior Vice President
Wireless Telecommunications

Ronan D. McGrath
President
Rogers Shared Services and
Chief Information Officer

John H. Tory, Q.C.
Senior Vice President
Cable Communications

Anthony P. Viner
Senior Vice President, Media

Donald B. Burt
Vice President, Human Resources

Rosanna Cavallaro
Vice President, Branding

J. Peter Ciceri
President, Rogers Telecom Inc.

M. Lorraine Daly
Vice President, Treasurer

Bruce D. Day, C.A.
Vice President, Corporate Development

Frank A. DiMatteo
Vice President
Marketing Administration
Rogers Shared Services

Kenneth G. Engelhart
Vice President, Regulatory

Gregory J. Henderson, C.A.
Vice President, Group Controller

Alan D. Horn, C.A.
Vice President, Finance and
Chief Financial Officer

Jan L. Innes
Vice President, Communications

Roger D. Keay
Vice President, Technology and
Strategic Planning

Guy W. Knowles
Vice President, Real Estate
Rogers Shared Services

Cathy McDonald
Vice President, General Manager
Rogers Shared Services

Ron J. Mckerlie
Vice President, E-Business

Graeme H. McPhail
Vice President and
Associate General Counsel

David P. Miller
Vice President, General Counsel

Edward S. Rogers
Senior Vice President, Planning

Melinda M. Rogers
Vice President
Venture Investments

Robert W. Stark
Vice President
National Customer Service

E. Jennifer Warren
Vice President and
Assistant General Counsel

David J. Watt
Vice President, Business Economics

Daphne Evans
Secretary

Ian H. Stewart, Q.C.
Assistant Secretary

bond information

Rogers Communications Inc.

Convertible Debentures due 2005
CUSIP # 775109 AE1
Trustees and Transfer Agents:
The Bank of Nova Scotia Trust
Company of New York
(212) 225-5427
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes due 2006
CUSIP # 775109 AF8
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes due 2006 (CDNS)
CUSIP # 775109 AG6
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes due 2007
CUSIP # 775109 AH4
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes due 2007 (CDNS)
CUSIP # 775109 AJ0
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Rogers Cable Inc.

Senior Secured Second Priority
Notes due 2002
CUSIP # 775100 AA8
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority
Notes due 2005
CUSIP # 775100 AE0
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority
Debentures due 2007
CUSIP # 775100 AF7
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority
Debentures due 2012
CUSIP # 775100 AB6
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority
Debentures due 2014 (CDNS)
CUSIP # 775100 AC4
Trustee and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
Co-Transfer Agent:
CIBC Mellon Trust Company
1-800-387-0825

Senior Subordinated Guaranteed
Debentures due 2015
CUSIP # 775100 AG5
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Rogers Wireless Inc.

Senior Secured Notes due 2006
CUSIP # 775101 AA6
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Notes due 2007
CUSIP # 775101 AG3
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures
due 2008
CUSIP # 775101 AB4
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures
due 2016
CUSIP # 775101 AC2
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Subordinated Notes
due 2007
CUSIP # 775101 AH1
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

corporate information

Corporate Office

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(416) 935-7777

Institutional investors, security analysts and others who may want financial information about any of the Rogers companies should contact:

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e-mail: investor.relations@rogers.com

On pourra se procurer le texte français de ce rapport annuel en communiquant avec:

Richard J. Harvey
en téléphonant
au (416) 935-3552

For all media inquiries, please contact:

Jan Innes,
Vice President, Communications
at (416) 935-3525

Annual General and Special Meeting

The Annual General and Special Meeting of the shareholders of Rogers Communications Inc. will be held at 11:15 a.m. (Toronto Time) Wednesday, April 11, 2001, at the Rogers Campus Theatre, Rogers Communications Inc., 333 Bloor Street East, Toronto, ON M4W 1G9

Primary Bankers

The Bank of Nova Scotia,
The Toronto-Dominion Bank,
Canadian Imperial Bank of Commerce and the
Royal Bank of Canada.

Auditors

KPMG LLP

Valuation Day Price

For Canadian income tax purposes, the cost basis on valuation day, December 22, 1971, for the common shares of Rogers, adjusted for all prior share splits, is \$0.50446 per share.

Annual Information Form

A copy of the Rogers AIF is available on request by writing to the corporate office.

Share Information

Common shares in Canada:
Listed on the Toronto
Stock Exchange.

Class A Voting shares
RCL.A CUSIP # 775109101

Class B Non-Voting shares
RCL.B CUSIP # 775109200

Common shares in the
United States:
Listed on the New York
Stock Exchange.

Class B Non-Voting shares
RG CUSIP # 775109200

Transfer Agent

Canadian Agent:
Computershare Trust Company
of Canada (416) 981-9633 or
1-800-663-9097
e-mail:
caregistryinfo@computershare.com

U.S. Agent:
Computershare Trust Company, Inc.
(303) 986-5400 or
1-800-663-9097

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