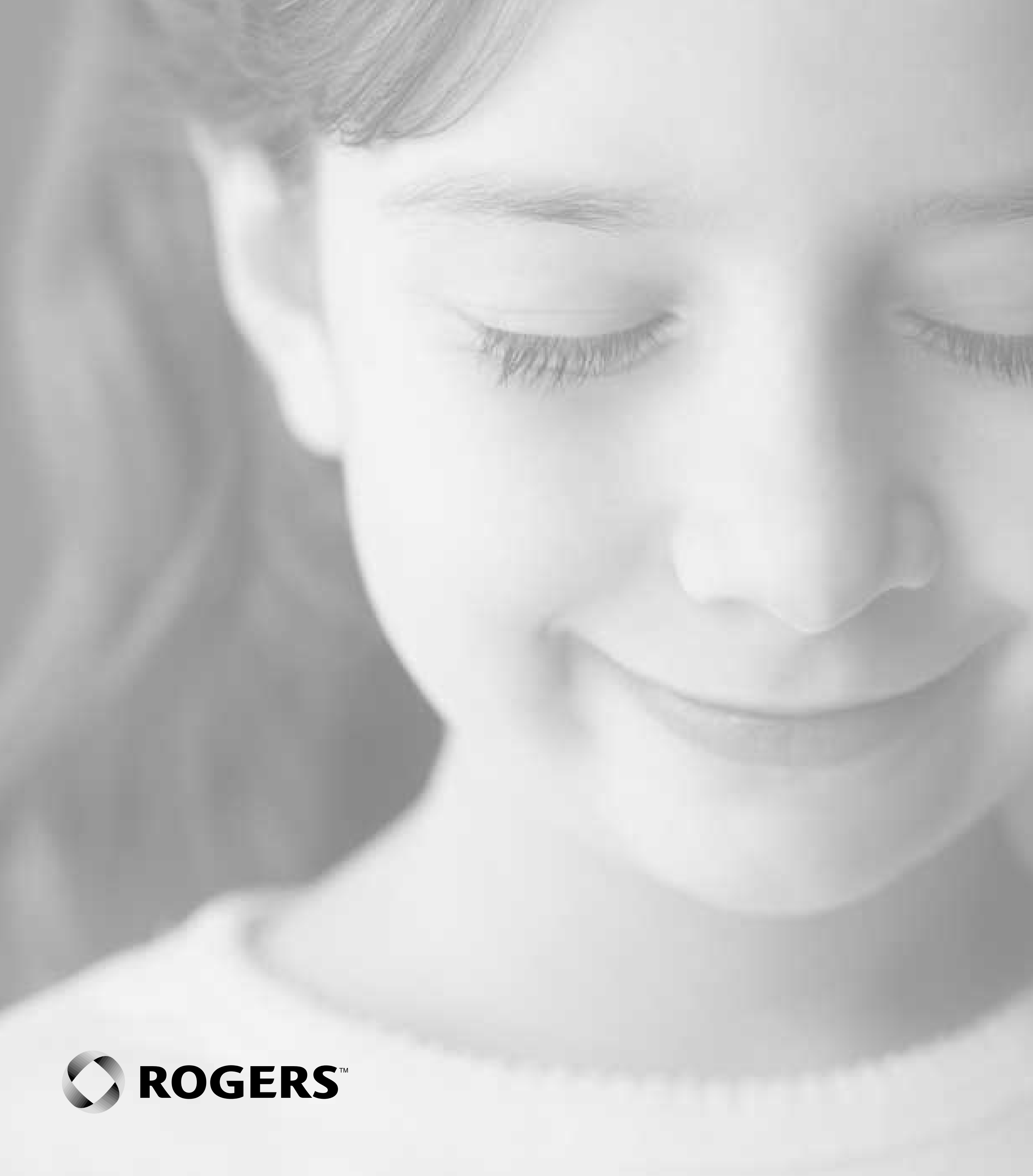
Rogers Communications Inc.

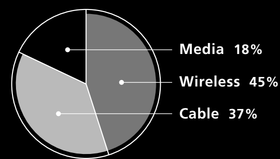
2001 Annual Report



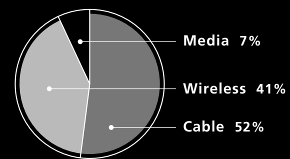
ROGERS™

Rogers Communications at a glance

FY2001 Revenue* — $3,913M



FY2001 Operating Profit* — $953M



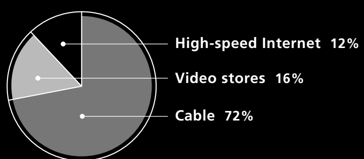
* Percentages exclude corporate items and eliminations. Operating profit is defined as operating income before interest, income taxes, depreciation, amortization and non-recurring and non-operating items.

Rogers Cable

Cable Television, High-Speed Internet, Video Stores

The Rogers Cable network is Canada's largest cable system, with 2.3 million customers concentrated primarily in the prime southern Ontario market and Atlantic Canada. In the areas we cover, Rogers serves approximately 77% of all homes. Rogers Cable provides cable television, digital TV, high-speed Internet access and, through Rogers Video, operates the country's largest domestically owned chain of video stores.

FY2001 Revenue — $1,433M



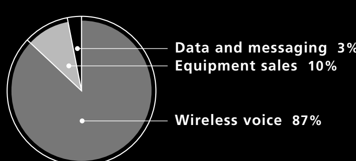
	2001	2000	% Chg
Homes passed	2,981,500	2,859,600	4.3%
Basic cable subscribers	2,286,400	2,219,400	3.0%
Basic penetration	76.7%	77.6%	-1.2%
Digital cable subscribers	272,100	172,100	58.1%
High-speed Internet subscribers	478,800	312,300	53.3%
VIP customers	497,500	359,400	38.4%
Video stores	260	241	7.9%

Rogers™ AT&T® Wireless

Cellular, Digital PCS, Paging and Two-Way Messaging, Wireless Data Services

Rogers AT&T Wireless is a leading Canadian wireless communications service provider, offering a complete range of wireless solutions including digital PCS, cellular, advanced wireless data services, and one- and two-way messaging services to a total of more than 3.4 million customers across the country.

FY2001 Revenue — $1,753M



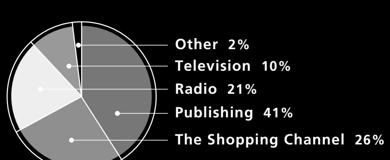
	2001	2000	% Chg
Wireless voice — Postpaid subscribers	2,257,300	2,059,800	9.6%
Wireless voice — Prepaid subscribers	734,600	466,600	57.4%
Total wireless voice subscribers	2,991,900	2,526,400	18.4%
Wireless data and messaging subscribers	427,400	443,900	-3.7%
Average monthly number of minutes used	302	263	14.8%
Percentage of population covered with digital service	85	83	
Percentage of population covered with analog service	93	93	
Number of distribution points	7,000	6,000	

Rogers Media

Radio and Television Broadcasting, Consumer and Trade Magazine Publishing, Home Shopping

Rogers Media offers Canadians many of the country's largest and best-known consumer and trade magazines, major radio stations in eastern and western Canada, multicultural television broadcaster CFMT, Rogers Sportsnet, Canada's only regional sports television network, The Shopping Channel, the No. 1 TV retailer in the nation, and a growing collection of highly popular Internet sites.

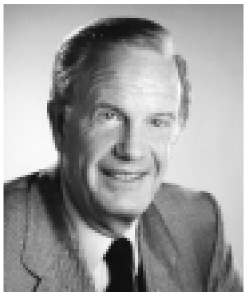
FY2001 Revenue — $722M



	2001
RADIO	
Canadian listening audience	6 million weekly
Revenue from local advertising	76.2%
Radio stations	43*
TELEVISION	
Ethnocultural percentage programming	60
Number of languages represented	15
Number of cultures represented	18
PUBLISHING	
Consumer magazine reach	12,200,000
Number of consumer magazines	14
Number of major trade publications/periodicals	68
Advertising pages	25,300
THE SHOPPING CHANNEL	
Items shipped	2,713,000
Average sales price	$77.00
Items ordered through Web site	264,600

* Includes 13 stations pending regulatory approval

ROGERS™



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

2001 was a year of operational focus and accomplishment at Rogers. In the face of challenging economic conditions and turbulent capital markets, we spent the year with our sleeves rolled up, focused on integrating acquisitions, driving penetration of products and services, bringing new management on board where required to revitalize our businesses, and strengthening both our financial position and our technologically advanced network infrastructures.

In cable, we remain Canada's largest and most progressive provider. Our highly clustered advanced two-way networks serve approximately 28% of the country's cable TV homes with the largest available offering of channels and features in Canada. At Rogers™ AT&T® Wireless, also a Canadian leader, we deployed our next generation Global System for Mobile/General Packet Radio Service ("GSM/GPRS") wireless network overlay in record time, paving the way for advanced, "always on" wireless data services. Rogers Media continued to enrich its collection of industry-leading brands, expanding its well-clustered radio-station portfolio and establishing or increasing ownership in a number of prime television properties, including Rogers Sportsnet, The Biography Channel, MSNBC and TechTV.

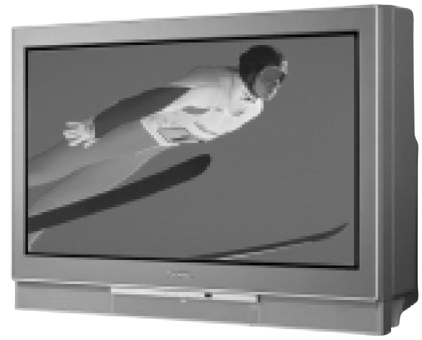
GOOD RESULTS IN A TOUGH YEAR

Our financial results reflect stable and growing operating profit and continued but prudent investment for our future. Overall revenues for Rogers Communications ("RCI") increased in 2001, by 8.3% from $3.6 billion to $3.9 billion. Operating profit was $952.5 million, an increase of 3.8% from $917.7 million in 2000. Cable again achieved double-digit revenue growth, and importantly, its operating profit grew at a greater rate than its revenue growth. Media's results were also solid considering the impact of the economic slowdown on the advertising-supported portion of its revenues. Wireless delivered year-over-year high single-digit revenue growth. With new leadership in the latter portion of the year, Wireless made important progress towards overcoming several operational challenges.

Capital expenditures during 2001 were $1.42 billion, up 17.2% from 2000, and reflect what we believe were the peak levels of capital spending at both Cable and Wireless. In addition to the deployment of the Rogers AT&T GSM/GPRS network at Wireless, now covering more than 85% of the Canadian population, Cable invested in two-way interactive upgrades to the cable systems that we acquired from Shaw in Ontario and New Brunswick and from Cable Atlantic in Newfoundland. Cable increased the

Today, more than 475,000 Rogers Cable television subscribers choose to access the Internet at high speed through broadband cable connections with Rogers Hi-Speed Internet.

Rogers Television offers exclusive coverage of local entertainment, lifestyle, sports and information programming.



Rogers offers Canadians the largest HDTV offering.

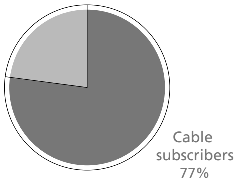
end-to-end control of its high-speed Internet network, which necessitated a significant one-time investment in a fully owned, stand-alone Internet Protocol ("IP") network. These technology investments made during 2001 will enable us to continue driving our revenue and operating profit growth while further solidifying our competitive advantages into the future. Our intention in 2002 is to reduce capital spending in both our Cable and Wireless businesses from 2001 levels.

We closed the year with a strong balance sheet, including approximately $1.5 billion undrawn credit facilities. A key underpinning of our financial strategy for 2001 was to structure each of our individual business units as self-financing. And we succeeded, with each operating company augmenting their unit-specific financing with additional and/or replacement longer term financings. At the conclusion of the year, Rogers Cable had obtained its second investment-grade credit rating and, in early 2002, accessed the public debt markets in Canada. Wireless achieved a balanced mix of debt and equity through a US$500 million debt issuance, an equity rights offering to fund its acquisition of additional spectrum, and an amended longer term bank credit facility to fund its continued growth. Rogers Media repaid its debt to RCI during the year and put in place a new $500 million bank credit facility. Together, these initiatives give us greater flexibility at both the parent and operating company levels, and enhance the financial profile of Rogers.

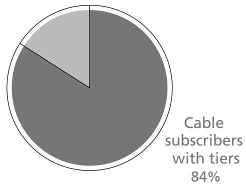
ROGERS CABLE DELIVERS

Consolidation, integration and infrastructure investment were the priorities at Rogers Cable. Under the leadership of Cable's CEO John Tory, we extended our highly advanced network to include new customers in New Brunswick and Newfoundland, while deploying our own IP backbone network, data centre and e-mail platforms to replace the services formerly supplied by At Home Corporation.

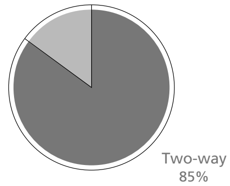
More than 600,000 subscribers in Ontario and New Brunswick came to Rogers Cable through our system swap with Shaw Cable systems in late 2000. This swap, which saw ownership of our Vancouver cable systems change to Shaw, enabled us to create one of the largest, densest cable clusters in North America in the Ontario market. An additional 75,000 subscribers in Newfoundland were obtained in the Cable Atlantic acquisition, which was approved by the CRTC in February 2001. During the remainder of the year we invested quickly to upgrade the New Brunswick systems, and by October, residents of Moncton were offered the city's first high-speed Internet service via cable.



Rogers Cable
basic cable subscribers
penetration of homes passed



Rogers Cable
basic subscriber base
with tier products



Rogers Cable
homes passed
upgraded to two-way

Rogers Video is the largest domestically owned video chain in Canada, giving Canadians convenient retail access to all the latest releases and a host of other Rogers products.

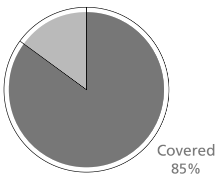
High-speed Internet continues to be one of our fastest-growing services – growing its customer base by 53% from the prior year to 478,800 subscribers. But there were challenges with that growth. As At Home Corporation in the United States filed for bankruptcy in September, we accelerated our plans to deploy our own IP network, regional data centre and connectivity to the global Internet, and then assist more than 450,000 customers with the "cutover" to @Rogers.com e-mail boxes. Impressively, our "churn rate" during the fourth quarter, when the transition took place, was one of the lowest ever and at the same time we had one of our strongest quarters in terms of new subscriber additions.

Control of our own high-speed Internet network will ultimately pay off in two critical ways. The first is customer experience. By managing our own network, we are able to directly manage our customers' needs. And the network is more advanced, with additional features such as Web-based e-mail access. The second benefit is revenue and margin potential. Under our former arrangement, we shared with At Home Corporation a portion of gross revenues. Today, 100% of those revenues are ours, as is the full potential of margin expansion enabled by reduced unit cost and operating leverage as we continue to scale this exciting part of our business.

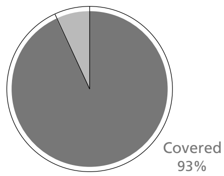
Much like the transition many years ago from black-and-white to colour television, the transition from analog to digital television is well underway today. For Rogers Cable, 2001 was a watershed year for digital. In the fall, we introduced up to 60 new digital channels, the largest single-day launch of its kind in Canadian history. In addition to these new specialty channels, our digital subscribers also receive approximately 40 channels of uninterrupted digital music and up to 47 channels of pay-per-view movie programming, an interactive on-screen program guide, and the availability of foreign language and adult programming. Our High Definition Television (HDTV) offering, available to our digital cable customers and enabled by our broadband network, was launched late in the year and is one of the largest offerings in North America. Also launched late in the year for the first time to Canadians is Rogers' Enhanced TV, which allows digital customers to interactively view news and information as well as shop by simply clicking on an on-screen icon with their TV remote.

Despite a year of intense competition from satellite TV providers, the Rogers basic cable service maintained its industry-leading penetration levels. Our systems are highly clustered and primarily in

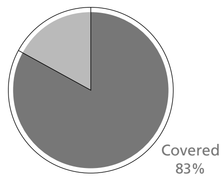
Rogers AT&T Wireless Coverage



Digital voice coverage of Canadian population



Analog voice coverage of Canadian population



Messaging coverage of Canadian population

The Rogers AT&T Wireless network offers a complete range of wireless solutions including: Digital PCS, cellular, advanced wireless data services and one- and two-way messaging.

urban markets. Rogers is striving to deliver our customers the latest technologies, in the most convenient and most accessible ways. It is increasingly clear that the network upgrades we have made and the technology we have deployed are powerful competitive advantages.

ROGERS WIRELESS OFFERS MORE

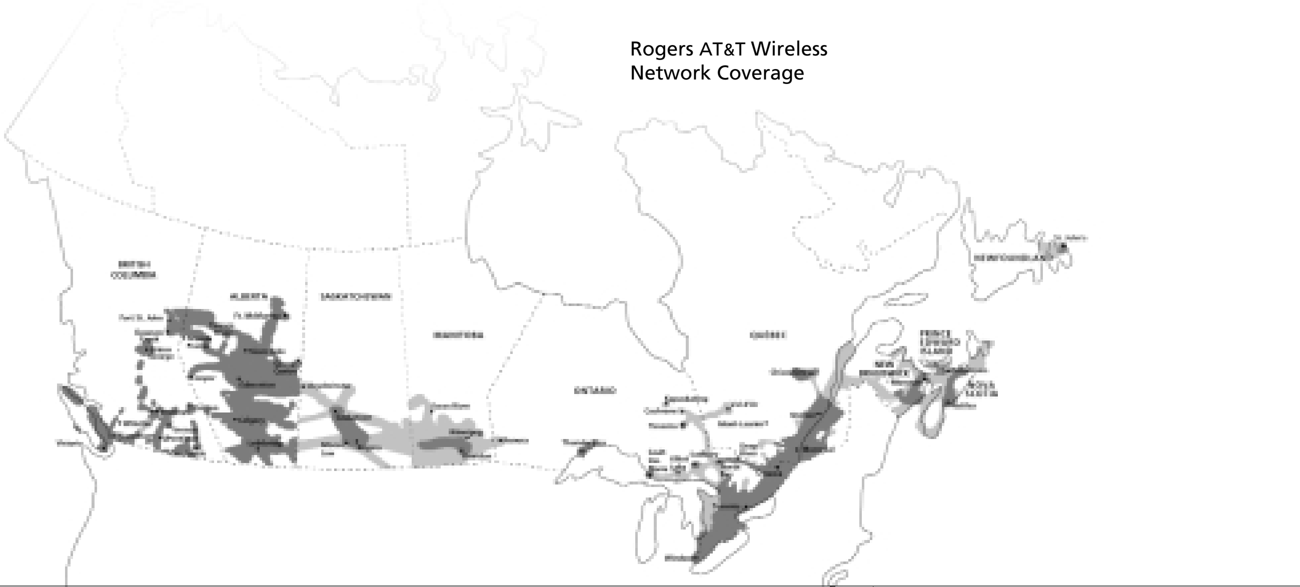
The year at Wireless began with successful participation in Industry Canada's spectrum auction, in which we obtained the capacity we needed to reinforce our leadership in wireless communications now and into the future. Added to our existing capacity, the new spectrum across all of Canada ensures that we are positioned well to meet the needs of our ever-growing subscriber base with access to high-speed mobile Internet and data services.

The wireless world is making an important transition into third generation ("3G") technology, which offers tremendously expanded bandwidth for mobile data. In 2001, Wireless took a significant step towards the introduction of the next generation of wireless technology in Canada with the rapid coast-to-coast network deployment of its integrated voice-and-data GSM/GPRS network. With the first two phases successfully completed, the new network covers 85% of the Canadian population and will reach 93% by mid-2002.

What the new network means to our customers is high-speed messaging, Internet access and mobile computing from their wireless devices, as well as seamless "roaming" onto GSM wireless networks around the world. What it means to Rogers is increased revenue, margin and new product opportunities. One of the first is Short Messaging Services ("SMS"), a technology and protocol for sending text messages back and forth between wireless devices. In Europe, where the technology is prevalent, SMS is already making a surprising contribution to the growth and profitability of wireless operators. For the youth market, which continues to be enthralled with wireless communications, late in the year we began offering Motorola's "VBox," a futuristic and compact device which integrates a wireless phone, an oversized screen and a full QWERTY keyboard for full SMS functionality.

In addition, Rogers AT&T Wireless was the first wireless provider in Canada to offer customers the leading-edge Handspring Treo Communicator and RIM BlackBerry 5810. These two wireless devices offer customers a variety of voice and wireless data connectivity and are just a sample of the types of innovative wireless communications solutions that our customers can expect in every region of the country.

Rogers AT&T Wireless
Network Coverage



Current coverage
Mid-2002 planned GSM/GPRS coverage

The Rogers AT&T Wireless networks reach more than 93% of the Canadian population in analog mode, more than 85% in GSM/GPRS mode. The new Rogers AT&T GSM/GPRS network will match the coverage footprint of our analog network in mid-2002.

Growth at Rogers AT&T Wireless was mixed in 2001. While wireless voice subscriber numbers continued to rise at a healthy rate, from approximately 2.5 million to approximately 3.0 million, and revenues grew 7.0% to $1.8 billion, operating profit increased only slightly, to approximately $411.9 million.

To reinvigorate profitable growth, we brought on a new senior management team of seasoned Canadian wireless veterans, led by CEO Nadir Mohamed. Nadir and his team are clear and intensely focused on the priorities at Wireless. Driving profitable growth is the number one objective, and the team made progress in this regard the last two quarters of 2001. After stabilizing the new customer care and billing system, Wireless began to increase customer satisfaction, reduce customer churn and lower call centre costs. With our back office systems stabilized, our sharpened sales and marketing focus, and our network technology and coverage advantages, we expect performance in 2002 to be much improved. Our plan is to continue the trend of reducing churn, maintaining ARPUs, optimizing our incremental customer mix, and providing innovative services and solid value to our base of more than 3.4 million wireless subscribers. At roughly 34% wireless penetration, Canada has one of the lowest penetration rates in the developed world, which translates into tremendous opportunity for continued growth.

ROGERS MEDIA HAS CATEGORY-LEADING BRANDS

In one of the most difficult periods for the media market in decades, Rogers Media grew its revenues 6.0%. Operating profit declined by 11.8% in the face of a decelerating economy. Under the leadership of CEO Tony Viner, Media was highly effective in rapidly adjusting its cost structure while at the same time opportunistically acquiring interests in several prime radio and television properties.

Our 30 radio properties continued to be very profitable for Rogers. In 2001, they accounted for 21% of the Media group's revenues, but 58% of its operating profit. In August, we announced the acquisition of an additional 13 Ontario radio stations in a $100 million transaction that will make our portfolio of radio properties the second largest in Canada, subject to final regulatory approval. Twelve of the new stations are located in markets where we did not yet have a radio presence, thus rounding out our coverage across Ontario. All are well-run properties, with solid ties to their communities. The stations acquired include THE FAN 590 in Toronto, an all-sports station that fits well with our existing Toronto 680News all-news station and our market-leading adult contemporary CHFI FM98 and Top-40 KISS 92 FM. THE FAN 590 is a natural

In television, radio, print and on the Internet, Rogers properties are leaders in their categories.

Rogers radio stations are clustered in major Canadian markets for maximum operating efficiency and audience coverage.

complement to Rogers Sportsnet, our regional all-sports television network, and Rogers' interest in the Toronto Blue Jays Major League Baseball team.

In November, we finalized the acquisition of an additional 40% of Sportsnet to now control 80%, with the other 20% being owned by Fox, an experienced U.S. partner. Sports continues to be one of the most popular types of programming for Canadians, and Rogers Sportsnet has carved out a strong following among viewers. Rogers Sportsnet is an asset that we believe, over time, will be a strong contributor to the operating profit growth at Media. And at a time when technology can now enable commercial messages to be skipped by viewers with personal video recorders (PVRs), live sports is one of the few mediums where advertisers are guaranteed effective promotion. During 2001, Media also launched three Rogers-managed digital channels in Canada: The Biography Channel, TechTV, and MSNBC.

Our publishing businesses, with a somewhat higher reliance on advertising revenues than our other businesses, were most impacted by the economic slowdown in 2001 but still contributed $300 million of revenues and $27 million of operating profit.

The Shopping Channel, which has expanded its presence beyond television with complementary catalog, retail and Internet presences, posted another year of record growth, increasing revenues 9% over 2000 and generating $18 million of operating profit. The Shopping Channel is Canada's only televised home shopping network and is another of Media's unique and profitable assets.

Another important step late in the year was to rationalize Rogers iMedia, Rogers' on-line content organization, closing certain properties and folding the remaining properties into the respective operating divisions of Rogers Media. A necessary foray into a field that most of us felt had tremendous potential, iMedia spawned many valuable capabilities for Rogers yet was not appropriately structured to succeed in the long term as a stand-alone division. We chose to cut our losses and repatriated the most valuable parts of iMedia into other units of the Media group – a move that will eliminate a fairly significant drag on Media's operating profit going forward.

Owning content in targeted niches is an element of our corporate strategy, and sports content is no exception. In addition, our interest in the Toronto Blue Jays – one of the most exciting franchises in Canadian sports – enables us to promote our entire group of companies through two durable mediums: broadcast and stadiums. And the Jays are now also complemented by our control of Rogers Sportsnet, and

Rogers Media publishes many of Canada's most popular consumer magazines and influential trade periodicals.

The Toronto Blue Jays are one of the most exciting franchises in Canadian sports and give Rogers another powerful channel to promote its entire group of companies.

soon THE FAN 590. The Jays are, however, struggling against a weakening Canadian dollar as well as other challenging issues related to Major League Baseball's current economic structure. We are actively engaged with the league to address these issues, and are working hard to develop the Jays into a profitable franchise. A key move in this direction, in the latter part of the year, was the hiring of a new general manager who has a strong track record of building a winning baseball franchise on a modest budget.

THE BEST IS YET TO COME

For RCI, our goals in 2002 remain consistent: drive revenue and operating profit growth through the sale of new services; enhance margins through improved operational efficiencies; and disciplined capital spending as we complete the upgrade of our cable systems and the deployment of our GSM/GPRS network. As we continue our focus on investment-grade credit status across the Rogers businesses, we will make every effort to take advantage of the natural convergence opportunities across our assets: cross-promotion; cross-selling; product bundling; customer loyalty programs; shared channels; shared distribution; and shared infrastructure. Few communications and media groups in the world have our opportunities. Fewer still have our positioning and potential.

My personal thanks go out to the employees of all the Rogers companies. Our continued success depends on their ingenuity and hard work. In 2001, both were in great evidence.

The best is yet to come.

Ted Rogers

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

convergence

Rogers Television is your window on local events in your community.

Rogers AT&T Wireless offers usage plans matched to the lifestyle and budget concerns of every customer.

Keep up to date with Canadian business news through **Canadian Business** magazine.

With a variety of high-speed wireless data communications solutions from Rogers AT&T Wireless, you can shop at home, check the news or stay in touch.

Increasingly, the many products and services offered by the Rogers Group of Companies are converging to the benefit of Canadians. We are consolidating our service centres, our billing and our brand while offering attractive loyalty programs for customers who subscribe to multiple products.


MoneySense.ca is Canada's leading personal finance Web site.
XFM, Vancouver's modern rock station, is one of three Rogers radio stations in the affluent Vancouver market.
Rogers Hi-Speed Internet is the new "always on" standard for fast surfing and downloading.
Canadian Business, **Chatelaine**, **Flare**, **Today's Parent** and **MoneySense** magazines are all leaders in their markets.

financial review

financial highlights

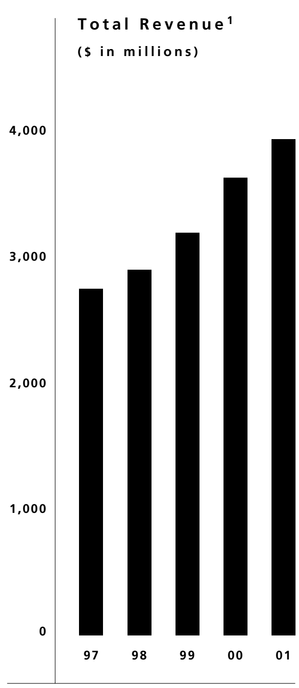
Rogers Communications Inc.

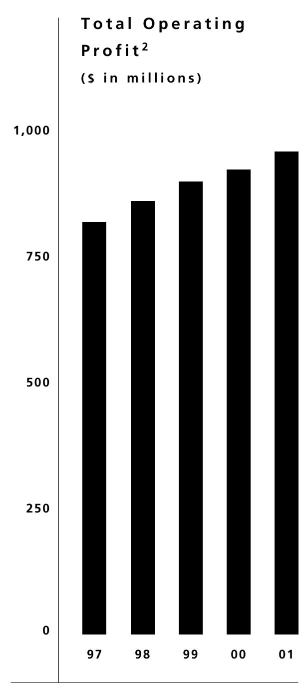
(In millions of dollars) Years ended December 31	2001	2000
Income Statement		
Revenue[1]	$ 3,912.7	$ 3,611.3
Operating profit[2]	952.5	917.7
Net income (loss) for the year	(434.3)	141.4
Net loss for the year before non-recurring items	(473.1)	(90.1)
(In dollars)		
Per Share Data (Basic)		
Net income (loss) for the year	$ (2.41)	$ 0.44
Net loss for the year before non-recurring items	(2.23)	(0.69)
Cash flow from operations[3]	2.25	3.78
(In millions of dollars)		
Changes in Financial Position		
Cash flow from operations[3]	$ 470.5	$ 770.8
Capital expenditures	1,420.7	1,212.7
Balance Sheet		
Total assets	$ 8,960.7	$ 7,866.3
Fixed assets (net)	4,717.7	4,047.3
Long-term debt	4,990.4	3,957.7
Shareholders' equity	2,416.2	2,416.2

1 Wireless revenue and expense has been restated to record gross roaming revenue in accordance with recent accounting guidance and industry practice. Subscriber roaming expenses are now reported as operating expenses. Previously, these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue. As a result, revenue for the years ended December 31, 2001 and 2000 has been increased by approximately $109.4 million and $107.0 million, respectively, and operating, general and administrative expenses have been increased by the same amounts. Operating profit for all periods presented was unaffected by the change. All references to revenue (including average revenue per user) and operating expenses (including average monthly operating expenses before sales and marketing costs per subscriber) in this discussion reflect this change.

2 Operating profit is defined as operating income before interest, income taxes, depreciation, amortization, non-recurring items (cable system integration, workforce reduction and At Home termination costs) and other non-operating and non-recurring items.

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





For the purposes of this discussion, the operations of Rogers Communications Inc. ("Rogers" or "the Company") and the financial results relating to its operations have been reported in three segments: "Cable", which refers to Rogers' wholly owned subsidiary Rogers Cable Inc.; "Wireless", which refers to Rogers' 52.4% owned subsidiary Rogers Wireless Communications Inc., which operates under the brand name Rogers AT&T Wireless; 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.

The financial information presented has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Please refer to Note 20 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. For a discussion of factors that may affect actual results, see the "Risks and uncertainties" sections of the respective segments, as well as the "Cautionary statement regarding forward-looking information" section on page 43.

A. Company overview

Rogers Communications Inc. is a diversified national Canadian communications company which is engaged in cable television, high-speed Internet access and video retailing through its wholly owned subsidiary Cable; in wireless voice, data and messaging services through its 52.4% owned subsidiary Wireless; and in radio and television broadcasting, home shopping, consumer magazines and trade and professional publications through its wholly owned subsidiary Media. In addition, Rogers holds other investment interests such as the Toronto Blue Jays Baseball Club and interests in a pay-per-view movie service, as well as several digital specialty channels, all of which are accounted for by the equity method, as well as interests in other sports-related operations. For the year ended December 31, 2001, Cable, Wireless, Media and Corporate, being the legal entity of Rogers Communications Inc., represented 36.6%, 44.8%, 18.5% and 0.1%, respectively, of Rogers' consolidated revenue and 54.3%, 43.2%, 7.2% and negative 4.7%, respectively, of Rogers' consolidated "operating profit" which is income before management fees, interest, income taxes, depreciation, amortization and non-recurring items, those being cable system integration, workforce reduction, At Home termination costs and other non-operating items. For details and a discussion of the items to reconcile operating profit to net income (loss), see page 20 "Other income and operating expense".

Rogers Cable Inc. is Canada's largest cable television company, serving approximately 2.3 million basic subscribers, representing approximately 28% of basic cable subscribers in Canada. Cable also provides advanced digital cable services to 272,100 subscribers and high-speed Internet service to 478,800 subscribers at December 31, 2001. Cable has highly clustered and technologically advanced broadband networks in Ontario, New Brunswick and Newfoundland. Cable's Ontario cable systems, which comprise approximately 90% of its basic cable subscribers, are concentrated in three principal clusters: (i) in and around the greater Toronto area, Canada's largest metropolitan centre; (ii) Ottawa, the national capital; and, (iii) the Guelph to London corridor in southern Ontario. Cable's New Brunswick and Newfoundland cable systems in eastern Canada comprise the balance of its subscribers. Through its technologically advanced broadband networks, Cable offers a diverse range of services, including analog and digital cable services and residential and commercial high-speed Internet services. At December 31, 2001, 85% of the homes passed in Rogers Cable areas were two-way capable. Cable also offers videocassette, DVD and video game sales and rentals through Rogers Video, Canada's second largest chain of video stores. There were 260 Rogers Video stores at December 31, 2001, 62 of which are integrated stores that provide subscribers with the ability to pay their cable television, high-speed Internet or Rogers AT&T Wireless bills, to pick up and return cable TV and high-speed Internet equipment and to purchase wireless telephone equipment and services.

Rogers Wireless Communications Inc. is a leading Canadian wireless communications company, serving over 3.4 million wireless customers at December 31, 2001, including approximately 3.0 million wireless voice subscribers and over 400,000 wireless data and messaging subscribers. Wireless' seamless integrated wireless voice network covers a geographic area reaching approximately 93% of the Canadian population in analog mode and approximately 85% of the Canadian population in digital mode, including the digital overlay of Wireless' GSM/GPRS network, which provides advanced voice, data and messaging services. Wireless estimates that its 3.0 million wireless voice subscribers represent approximately 10.4% of the Canadian population residing in its coverage area. Wireless' analog and Time Division Multiple Access ("TDMA") digital service coverage also extends throughout the United States, through roaming agreements with AT&T Wireless Services, Inc. ("AWE") and other U.S. wireless communications providers. In addition, Wireless offers an international roaming footprint extending to approximately 85 countries worldwide. Wireless' recently launched advanced GSM/GPRS service is currently available to approximately 45% of AWE coverage area in the U.S., and is expected to reach 100% of AWE's U.S. coverage by year-end 2002. Additional U.S. and international coverage will be achieved as Wireless implements GSM/GPRS roaming agreements with other U.S. and international roaming partners and its roaming partners extend the GSM/GPRS coverage of their networks.

Rogers Media Inc. holds Rogers' radio and television broadcasting operations, its consumer and trade publishing operations and its television home shopping service. The Broadcasting group ("Broadcasting") comprises 30 radio stations across Canada (23 FM and 7 AM radio stations), a multicultural television station (CFMT-TV, Toronto), a national specialty television regional sports service (Rogers Sportsnet) and a television home shopping service (The Shopping Channel). In August 2001, Broadcasting entered into an agreement with Standard Radio Inc. to purchase the assets and operations of 13 radio stations in Ontario for total cash consideration of $100 million. The agreement with Standard to purchase the 13 radio stations is pending subject to the prior approval of the Canadian Radio-television and Telecommunications Commission ("CRTC"). In addition, the Broadcasting group holds minority interests in several Canadian specialty television services, including Viewers Choice Canada, — Outdoor Life Network ("OLN"), TechTV, The Biography Channel, MSNBC Canada and Mystery Channel. The Publishing group ("Publishing") produces over 60 consumer magazines and trade and professional publications and directories. In addition to the more traditional broadcast and print media platforms, the Media group also delivers content over the Internet for many of the individual broadcasting and publishing properties.

B. Recent industry trends

The following provides a brief summary of the significant trends facing each of the cable television, wireless communications and media industries in which Rogers operates.

Cable television industry

Investment in improved cable television networks and expanded service offerings.

In recent years, North American cable television companies have made substantial investments in the installation of fibre-optic cable and electronics in their respective networks and in the development of high-speed Internet and digital cable services. This investment has enabled cable television companies to offer expanded packages of analog and digital cable television services, including Near Video-on-Demand ("NVOD") and Video-on-Demand ("VOD") pay-per-view services, expanded tier and pay television packages, interactive television services, high definition television ("HDTV") services and high-speed Internet services.

Increased competition from alternative broadcasting distribution undertakings.

Canadian cable television systems generally face increasing competition from several alternative multi-channel broadcasting distribution systems, including two Canadian Direct-to-Home ("DTH") Satellite Providers, U.S. Direct Broadcast Satellite Service ("DBS"), Satellite Master Antenna Television ("SMATV"), and Multi-channel, Multi-point Distribution System ("MMDS"). Since their launch in 1997, the two DTH providers have become aggressive competitors to cable television systems in Canada.

Wireless communications industry

Demand for sophisticated data applications and migration to third generation wireless technology.

The ongoing development of data transmission technologies has led manufacturers to create wireless devices with more advanced, sophisticated capabilities, including access to e-mail, news, financial information and services, shopping services and more. Increased demand for sophisticated wireless services, especially data transmission services, has led wireless providers to begin migrating to the next generation of digital networks, commonly referred to as third generation networks. Third generation networks will support a variety of data applications such as high-speed Internet access, multimedia services and access to corporate information systems, such as e-mail and other enterprise systems. As a result, during 2001 Wireless commenced the first stage of its migration to a third generation network to meet these market demands. On January 14, 2002, Wireless announced it had completed the installation of its GSM/GPRS network across 85% of the Canadian population, with plans to extend this coverage to match our analog coverage of 93% by mid-2002.

Wireless spectrum auction.

In early 2001, Industry Canada, the Canadian government ministry responsible for telecommunications policy in Canada, conducted an auction for wireless spectrum licences in the 1900 MHz frequency band (Digital Personal Communications Services, or "Digital PCS") in 16 regions in Canada. Of the 62 regional

PCS licences available in the auction, 23 licences of 10 MHz each were acquired by Wireless in various regions across Canada at a cost of $396.8 million.

Media industry

Consolidation of radio broadcasting industry.

In April 1998, the CRTC announced certain changes to its commercial radio policy, including the easing of ownership restrictions on the number of stations that could be owned within a particular market. These ownership changes allow a single owner up to two AM stations and two FM stations within a particular market, subject to certain restrictions. As a result, a number of transactions have occurred to take advantage of these eased ownership restrictions, leading to increased ownership of multi-station clusters by large Canadian radio broadcasters, including Broadcasting's acquisition of 10 radio stations in 1999 and its pending acquisition (subject to CRTC approval) of 13 Ontario radio stations.

Integration and consolidation of businesses across media industries.

In recent years, a number of communications and media companies have developed or acquired businesses and completed transactions with the intention of creating integrated multi-media companies engaged in a number of different media sectors, including cable television, communications, radio and television broadcasting, newspaper and periodical publishing, entertainment and sports properties, and Internet content and access services. Rogers is engaged in several of these industry sectors, as are other large Canadian communications companies, including BCE Inc., Quebecor Inc. and Canwest Global Communications Corp.

C. Business strategy overview

Rogers seeks to maximize revenue and operating profit by maintaining and enhancing its position as one of Canada's leading national diversified media and communications companies. Rogers' objective is to be Canadians' preferred provider of communications, entertainment and information services. Convergence, with respect both to technologies and to combine marketing opportunities, continues to help shape and define the way in which Rogers operates. The Rogers Group of Companies seeks to take advantage of these convergence opportunities by combining one of Canada's most widely diversified groups of information and content-based businesses, including radio and television broadcasting, specialty channels, magazine and periodical publishing and sports properties, with each of its technologically advanced broadband cable and national wireless networks. The Rogers Group of Companies works to identify areas of opportunity for bundled product and service offerings, as well as the cross-marketing and cross-promotion of its products and services to enhance subscriber loyalty, improve operating efficiencies and maximize revenues and operating profits.

Cable seeks to maximize its revenue and operating profit by leveraging its technologically advanced cable network to meet the information, entertainment and communications needs of its subscribers, from basic cable to advanced cable services including digital cable, high-speed Internet service, NVOD (and VOD commencing in 2002) and HDTV. The key elements of Cable's strategy to achieve this objective are as follows: (i) clustering of cable systems in and around metropolitan areas; (ii) offering a wide selection of products and services; (iii) maintaining technologically advanced cable networks; (iv) continuing to focus on increased quality and reliability of service; (v) leveraging its relationship within the Rogers group of companies to identify opportunities for bundled product and service offerings; and, (vi) continuing to develop brand awareness and to promote the "Rogers" brand as a symbol of a diversified communications company.

Wireless seeks to maximize its revenues and achieve profitable growth by remaining a leading national provider of high-quality wireless voice and data communications products and services in Canada. The key elements of Wireless' strategy to achieve this objective are as follows: (i) maintaining a technologically advanced network, (ii) continuing to focus on developing products and services based on customer segmentation that meet the needs of its existing and future subscribers, (iii) delivering quality customer care to subscribers, (iv) maintaining and expanding existing distribution channels, and (v) leveraging strategic relationships such as those developed within the Rogers Group of Companies, and with AWE and RadioShack Canada Inc., a retailer with whom we have an exclusive agreement, among others.

Media seeks to maximize revenues and operating profit across each of its businesses. The key elements in achieving this objective are as follows: (i) continuing to pursue strategic acquisitions and its radio clustering strategy; (ii) continuing to cross-sell advertising and share content across properties and over multiple media platforms (radio, television, publishing and Internet), (iii) focusing on specialized content and audiences through continued development of its portfolio of specialty channel investments, radio properties and publications, and (iv) continuing to leverage its strong brand names, both within the Media group by cross-promoting its properties across each of its media formats and with the promotion of the "Rogers" brand.

Networks

Cable

Cable's cable systems in Ontario and New Brunswick, with a few exceptions, are interconnected to regional head-ends by inter-city fibre-optic rings. The fibre interconnections allow Cable's multiple Ontario and New Brunswick cable systems to function as two large cable systems. Cable's remaining subscribers in Newfoundland and rural New Brunswick are served by local headends. Cable's regional headends in Toronto, Ontario and Moncton, New Brunswick, provide the source for most television signals used in the cable systems.

Cable's dominant architecture is based on a three-tiered structure of primary hubs, optical nodes and co-axial distribution. The primary hubs, located in each community Cable serves, are connected together by inter-city fibre-optic systems carrying television, Internet, network control and monitoring, and administrative traffic. The fibre-optic systems are constructed as rings that allow signals to flow in and out of each primary hub through two paths, providing protection from a fibre cut. The high-capacity optical fibre networks deliver high performance and reliability, and have substantial reserves for future growth in the form of dark fibres and unused optical wavelengths. Each primary hub typically serves about 100,000 subscribers.

Optical fibres join the primary hub to the optical nodes in the cable distribution plant. Final distribution to subscriber homes from optical nodes uses co-axial cable with two-way amplifiers to support interactive television and high-speed Internet service. Co-axial cable capacity has been increased repeatedly by introducing better amplifier technologies. Co-axial cable remains the most cost-effective means of carrying television and high-speed Internet services to residential subscribers.

Groups of approximately 600 homes or less are served from each optical node in a cable architecture commonly referred to as fibre to the feeder, or FTTF. The FTTF plant carries signals up to 750 MHz or 860 MHz "downstream" to the subscribers' premises, and delivers 37 MHz of bandwidth "upstream" from the subscribers' premises to the primary hub. The upstream bandwidth is projected to be sufficient to support multiple cable modem systems and data traffic from interactive digital set-top terminals for at least the next five years. When necessary, additional upstream capacity will be provided by reducing the number of homes served by each optical node. Fibre cable has been placed to permit a reduction of the node size from 600 to 300 homes by installing additional optical transceiver modules.

Approximately one-half of Cable's cable plant has been upgraded to 750/860 MHz FTTF architecture. Through Cable's scheduled network upgrade program, most of the balance will be rebuilt to FTTF by the end of 2003. Some smaller communities and rural areas continue to use more traditional two-way cable architectures with 2,000 subscribers per node and 550 MHz downstream bandwidth. Overall, 85% of Cable's total cable plant was two-way addressable at December 31, 2001, with at least 91% of its plant 550 MHz downstream bandwidth or greater.

Cable believes that the 750/860 MHz FTTF architecture provides it with significant advantages including more bandwidth for television and data services, improved picture quality, enhanced two-way capability, increased reliability and reduced maintenance. In addition, Cable's clustered network of cable systems served by regional headends facilitates more rapid introduction of new services to all subscribers with a lower capital cost.

Wireless

Wireless' seamless integrated wireless voice network covers a geographic area reaching approximately 93% of the Canadian population in analog mode and approximately 85% of the Canadian population in digital mode, including the overlay of Wireless' digital GSM/GPRS network, which provides advanced voice, data and messaging services. Wireless uses its own microwave radio and fibre-optic transmission facilities, which has enabled it to construct a national cellular network based on a single integrated technology, limited its reliance on third parties for leased transmission facilities and generated significant profit margins from the carriage of its own long distance traffic. The seamless, integrated nature of the network also enables subscribers to make calls, receive calls and activate network features anywhere in the network as easily as if they were in their home areas.

Wireless' network has been constructed to be completely compatible between digital TDMA radio transmission at 850 MHz and 1900 MHz, and between digital TDMA and analog radio transmission at 850 MHz.

The GSM/GPRS network provides high-speed integrated voice and "always on" packet data transmission service capabilities. Wireless completed the GSM/GPRS overlay to the 85% of the Canadian population served by its digital TDMA network in January 2002. By mid-2002, Wireless intends to expand its GSM/GPRS coverage to approximately 93% of Canada's population, matching its existing analog network coverage.

In 2003, Wireless intends to upgrade its national GSM/GPRS network by adding enhanced data for GSM evolution ("EDGE"), capability to its GSM/GPRS network, primarily through software upgrades of the deployed GSM network equipment. EDGE capability is expected to significantly increase the data speed of its GSM network.

D. Overview of government regulation

Canadian Radio-television and Telecommunications Commission ("CRTC")

Canadian broadcasting operations, including Rogers' cable television systems and radio and television stations, are licensed and regulated by the CRTC pursuant to the Broadcasting Act (Canada). Under the Broadcasting Act, the CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing certain broadcasting policy objectives enunciated in the Broadcasting Act. The CRTC is also responsible under the Telecommunications Act (Canada) for the regulation of telecommunications carriers, including Wireless' cellular, PCS and messaging operations and any telecommunications activities of Cable.

Industry Canada

The technical aspects of the operation of radio and television stations and the awarding of spectrum for cellular, PCS, paging and other radio-telecommunications systems in Canada are subject to the licensing requirements and oversight of Industry Canada, a Ministry of the Government of Canada. Industry Canada may set technical standards for telecommunications under the Radiocommunication Act (Canada) and the Telecommunications Act.

Restrictions on non-Canadian ownership and control

Non-Canadians are permitted to own and control directly or indirectly up to 33⅓% of the voting shares and 33⅓% of the votes of a holding company which has a subsidiary operating company licensed under the Broadcasting Act. In addition, up to 20% of the voting shares and 20% of the votes of the operating licensee company may be owned and controlled directly or indirectly by non-Canadians. The chief executive officer and 80% of the members of the board of directors of the operating licensee must be resident Canadians. There are no restrictions on the number of non-voting shares that may be held by non-Canadians at either the holding company or licensee company level. The CRTC retains the discretion to determine as a question of fact whether a given licensee is controlled by non-Canadians.

Recent regulatory developments

Cable

In December 2001, the CRTC issued an exemption order that will exempt certain small cable television systems from the requirement to hold a broadcasting licence, subject to certain restrictions. This exemption applies to approximately 70 of Cable's cable television systems in Newfoundland and New Brunswick. In addition, a cable company may apply to deregulate the basic cable rate in certain of its cable television systems serving over 5,000 customers, subject to certain restrictions. Accordingly, Cable has applied for and received basic rate deregulation in its systems serving St. Thomas, Woodstock, Ottawa and London, Ontario and, in January 2002, Cable applied for basic rate deregulation in 12 of its systems in Ontario, serving the Greater Toronto Area, Guelph, Kitchener and Georgian Bay.

In June 2001, the CRTC announced a policy change wherein it would now permit cable companies and their related entities to own equity interests, including controlling interests, in analog pay and specialty services. This policy change enables cable companies to compete directly with other vertically integrated broadcasting distributors, such as BCE, Bell ExpressVu LLP and CTV.

The CRTC has licensed 21 new digital Canadian specialty services, which are required to be offered by cable companies and other broadcasting distributors offering digital programming services. In addition, more than 270 digital Canadian specialty services have also been licensed without guaranteed distribution rights. Cable companies and other broadcasting distributors or their affiliates are permitted to hold equity interests in these new digital services, subject to certain restrictions. Many of these new digital specialty channels were launched in the fourth quarter of 2001.

Wireless

In November 2000, the CRTC released a decision that fundamentally alters the mechanism used by the CRTC to collect "contribution" funds to subsidize the provision of basic local telephone service in high cost areas. Previously, contribution was levied on a per minute basis on long distance services. Under the new contribution regime, which became effective January 1, 2001, all telecommunication service providers, including wireless service providers such as Wireless, are required to contribute a percentage of their Canadian telecommunications service revenues to a fund established to subsidize the provision of basic local service. The percentage contribution levy was 4.5% for 2001. The CRTC has determined that the interim rate for 2002 will be 1.4%, with the final rate likely established by mid-year 2002.

Media

In April 1998, the CRTC announced certain changes to its commercial radio policy, including the easing of ownership restrictions on the number of stations that could be owned within a particular market. These ownership changes allow a single owner to operate up to three stations in a given language in smaller markets and, in markets with eight or more commercial stations in a given language, one owner may hold up to two AM stations and two FM stations.

E. Competition

Cable

Cable's cable television systems generally compete with two Canadian DTH satellite providers, the direct reception by antenna of over-the-air local and regional broadcast television signals, and with other distributors of multi-channel television signals to homes for a fee, including U.S. DBS, SMATV and MMDS. Cable's premium services, such as movie networks, superstations and pay-per-view services, also compete to varying degrees with other communications and entertainment media, including home video, movie theatres and live theatre. Since their launch in 1997, the two DTH providers licensed by the CRTC to operate in Canada (Bell ExpressVu LLP and Star Choice Communications Inc.) have become aggressive competitors to cable television systems in Canada.

Cable's high-speed Internet access service competes generally with a number of other Internet Service Providers ("ISPs"), offering competing residential and commercial Internet access services. Many ISPs offer telephone dial-up Internet access services that provide significantly reduced download speed capabilities compared to broadband technologies such as cable modem or Digital Subscriber Lines ("DSL") services. Cable's high-speed Internet service competes directly with Bell Canada's DSL high-speed Internet service in the high-speed Internet market in Ontario, and with the DSL high-speed Internet services of NB Tel and NewTel in some of Cable's service areas in New Brunswick and Newfoundland, respectively.

Rogers Video competes with other videocassette, digital video discs ("DVD") and video games sales and rental store chains, such as Blockbuster Inc., as well as individually owned and operated outlets. Competition is principally based on location, price and availability of titles.

Wireless

The Canadian wireless communications industry is highly competitive. In the wireless voice and data market, Wireless competes with other cellular and digital PCS service providers, and competes or may compete with other existing and emerging wireless technologies. In the wireless messaging market, Wireless also competes with numerous local and national paging providers. Competition for wireless subscribers is primarily based on price, scope of services, sophistication of wireless technology, quality of service, breadth of distribution, service coverage and capacity, and the ability of the companies to market these products and services.

In particular, Wireless generally competes with Telus Communications Inc., Microcell Telecommunications Inc. and Bell Mobility nationally, and with the wireless divisions of smaller regional and independent incumbent wireline telephone companies in their respective service areas.

Media

Broadcasting's radio stations compete with the other stations in their respective market areas as well as with other media such as newspapers, television, outdoor advertising, direct mail marketing and Internet radio. Competition within the broadcasting industry occurs primarily in individual market areas. On a national level, Broadcasting competes generally with Corus Entertainment, Standard Radio and CHUM Radio, each of which owns and operates radio stations across Canada.

CFMT-TV competes principally for viewers and advertisers with television stations that broadcast in Toronto and southern Ontario. These include television stations in the Greater Toronto area as well as U.S. border stations. Rogers Sportsnet competes for viewers principally with The Sports Network ("TSN") and Headline Sports.

On a product level, The Shopping Channel competes with various retail stores, catalog retailers, Internet retailers and direct mail retailers. On a broadcasting level, The Shopping Channel competes with other television channels for viewer loyalty, particularly infomercials selling products on television.

The Canadian magazine industry is highly competitive, competing for both readers and advertisers. This competition comes from other Canadian magazines and from foreign, mostly American, titles that sell in significant quantities in Canada. Until recently, the competition from foreign titles has been restricted to competition for readers as there have been restrictions on foreigners operating in the Canadian magazine advertising market. These restrictions were significantly reduced as a result of the enactment in 1999 of the Foreign Publishers Advertising Act (Canada) and amendments to the Canadian Tax Act. Increasing competition from American magazines for advertising revenues is expected in the coming years.

F. Intercompany and related party transactions

Intercompany arrangements

Rogers has entered into a number of agreements with certain of its subsidiaries, including Wireless, Cable and Media, with respect to its operations, the most significant of which are summarized below.

Management services agreements

Each of Wireless, Cable and Media have entered into management services agreements with Rogers under which Rogers agrees to provide supplemental executive, administrative, financial, strategic planning and various additional services to each subsidiary. Those services relate to, among other things, assistance with tax advice, Canadian regulatory matters, financial advice, (including the preparation of business plans and financial projections and the evaluation of capital expenditure proposals), service on the subsidiary's boards of directors and on committees of the boards of directors, advice and assistance in relationships with employee groups, internal audits, purchasing assistance and various legal matters. Pursuant to terms contained in each of these management services agreements, each of the subsidiaries have agreed to pay to Rogers certain fees, which, in the case of Cable and Media, is an amount equal to 2% of their respective consolidated revenue for each fiscal quarter, subject to certain exceptions, and, in the case of Wireless, is an amount equal to the greater of $8 million per year (adjusted for changes in the Canadian Consumer Price Index from January 1, 1991) and an amount determined by Rogers and the independent directors serving on the Audit Committee of Wireless under guidelines specified in Wireless' management services agreement (taking into account, among other things, a proportionate share of Rogers' corporate overhead costs plus 15%). For the year ended December 31, 2001, payments to Rogers by Cable, Wireless and Media pursuant to these management services agreements aggregated $28.8 million, $10.7 million and $10.7 million, respectively.

Cost sharing agreements

In order to take advantage of economies of scale and reduce overall costs, Cable, Wireless and Media share with Rogers in the costs of purchasing, human resources, customer call centres, real estate administration and the Rogers Data Centre. These shared services are conducted in a division of the Company, Rogers Shared Services ("RSS"). Generally, to the extent RSS incurs expenses, these expenses are reimbursed by Rogers' subsidiaries, on a cost recovery basis, in accordance with the services provided on behalf of such subsidiaries by RSS.

Wireless and Cable have entered into agreements to share on a pro rata basis the cost of certain microwave and fibre-optic transmission facilities. Since there are significant fixed costs associated with these transmission links, Cable and Wireless are able to achieve economies of scale by sharing these facilities, resulting in reduced capital costs. In addition, Wireless charges a division of Cable for the use of Wireless' data circuits, data transmissions and links.

Certain office space is leased by Wireless to Rogers and certain of its other subsidiaries. In addition, Rogers leases certain office space and warehouse space to certain of its subsidiaries.

Wireless corporate opportunity

Rogers and Wireless have agreed under a business areas and transfer agreement that Rogers will, subject to any required regulatory, lender or other approvals, continue to conduct all of its cellular telephone operations and related mobile communications businesses, including PCS, through Wireless. Rogers believes that by conducting its cellular telephone operations and related mobile communications businesses through Wireless, the potential for conflicts of interest between Wireless and Rogers and directors or officers of Rogers who are also directors or officers of Wireless will be reduced.

Related party transactions

During the year, the Company has entered into various related party transactions that are described in Notes 5 and 16 of the Consolidated Financial Statements.

G. Dividends

During the year ended December 31, 2000, dividends aggregating $10.2 million were paid on the Class A Voting shares, the Class B Non-Voting shares and on the Series B and Series E Convertible Preferred shares. During the year ended December 31, 2001, $14,000 of dividends declared in 2001 were paid on Series B and Series E Convertible Preferred shares held by members of the Company's Management Share Purchase Plan. Prior to 2000, no dividends had been paid on the Class A Voting shares or Class B Non-Voting shares since the year ended August 31, 1982. It is not known when or if regular payment of dividends on such shares will be resumed. Dividends may not be paid in respect of the Class A Voting shares or Class B

Non-Voting shares unless all accrued and unpaid dividends in respect to the Preferred shares of the Company have been paid or provided for. As at December 31, 2001, the Company has declared and paid all dividends scheduled to be paid in respect of its Preferred shares pursuant to the terms of such Preferred shares. The Company paid dividends in respect of its Preferred shares and Convertible Preferred securities of approximately $26.1 million, $30.0 million, $20.3 million, $18.6 million and $18.6 million (net of income tax recovery) for the years ended December 31, 1997, 1998, 1999, 2000 and 2001, respectively. In addition, the Company has accreted interest of approximately $32.2 million (2000 — $15.2 million) on the Company's Preferred securities during 2001, net of income tax recovery of $24.9 million (2000 — $11.8 million).

H. Operations and financial

Summarized consolidated financial results

(In millions of dollars, except per share information) Years ended December 31	2001	2000	% change
Revenue			
Cable	$ 1,433.0	$ 1,291.2	11.0
Wireless[1]	1,753.2	1,639.1	7.0
Media	721.7	681.0	6.0
Corporate items and eliminations	4.8	—	—
Total revenue[1]	$ 3,912.7	$ 3,611.3	8.3
Operating expenses			
Cable	$ 916.2	$ 833.4	9.9
Wireless[1]	1,341.3	1,228.2	9.2
Media	653.4	603.6	8.3
Corporate items and eliminations	49.3	28.4	73.6
Total operating expenses[1]	$ 2,960.2	$ 2,693.6	9.9
Operating profit[2]			
Cable	$ 516.8	$ 457.8	12.9
Wireless	411.9	410.9	0.2
Media	68.3	77.4	(11.8)
Corporate items and eliminations	(44.5)	(28.4)	—
Total operating profit[2]	$ 952.5	$ 917.7	3.8
Other income and expense, net	$ 1,386.8	$ 776.3	78.6
Net income (loss)	$ (434.3)	$ 141.4	—
Operating profit[2] as a percent of revenue			
Cable	36.1%	35.5%	
Wireless	23.5%	25.1%	
Media	9.5%	11.4%	
Total	24.3%	25.4%	
Earnings (loss) per share			
Basic	$ (2.41)	$ 0.44	—
Diluted	(2.41)	0.42	—
Capital expenditures			
Cable	$ 749.7	$ 650.3	15.3
Wireless	654.5	526.0	24.4
Media	18.8	34.1	(44.9)
Corporate items and eliminations	(2.3)	2.3	—
Total	$ 1,420.7	$ 1,212.7	17.2

1 Wireless revenue and expense has been restated to record gross roaming revenue in accordance with recent accounting guidance and industry practice. Subscriber roaming expenses are now reported as operating expenses. Previously, these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue. As a result, revenue for the years ended December 31, 2001 and 2000 has been increased by approximately $109.4 million and $107.0 million, respectively, and operating, general and administrative expenses have been increased by the same amounts. Operating profit for all periods presented was unaffected by the change. All references to revenue (including average revenue per user) and operating expenses (including average monthly operating expenses before sales and marketing costs per subscriber) in this discussion reflect this change.

2 Operating profit is defined herein as operating income before interest, income taxes, depreciation, amortization and non-recurring items in 2001 (being cable system integration, workforce reduction and At Home termination costs) and other non-operating and non-recurring items and is a standard measure widely used in the communications industry to assist in understanding and comparing operating results. For details and a discussion of these exclusions, see page 20 "Other income and expense". Operating profit is not a defined term under Canadian and U.S. GAAP. Accordingly, this measure should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with Canadian GAAP and U.S. GAAP. Segment operating profit as shown excludes the impact of management fees paid to Corporate as these amounts eliminate on consolidation. See Note 15 of the Consolidated Financial Statements for details of revenue and expenses by segment and the impact of consolidation eliminations.

2001 overview — consolidated financial results

Consolidated revenue was $3,912.7 million in 2001, an increase of $301.4 million, or 8.3%, from $3,611.3 million in 2000. Cable contributed $141.8 million of the increase, Wireless $114.1 million and Media $40.7 million.

Consolidated operating profit was $952.5 million, an increase of $34.8 million, or 3.8%, from $917.7 million in 2000. Cable contributed $59.0 million of the operating profit increase, with Wireless operating profit remaining relatively flat on a year-over-year basis, and the Media business saw a reduction in operating profit on a year-over-year basis of $9.1 million.

Consolidated operating profit as a percentage of revenue ("operating margin") decreased to 24.3% in 2001 from 25.4% in 2000. The operating margin decline was due primarily to lower operating margins at Wireless and Media offset by increased Cable operating margins.

See the individual segment discussions included for details related to revenue, operating expenses and operating profit.

On a consolidated basis, after taking into account the following other income and expense items as detailed below, the Company recorded a loss of $434.3 million for the year ended December 31, 2001, as compared to net income of $141.4 million in 2000. See the "Liquidity and capital resources" section for a further discussion of the year-over-year change in net income (loss).

Other income and expense

Other income and expense represents the consolidated income and expense items that are required to reconcile operating profit with net income as defined under Canadian GAAP. This following section should be read in conjunction with Note 15 of the Consolidated Financial Statements for details of these amounts on a segment-by-segment basis and an understanding of intersegment eliminations on consolidation.

(In millions of dollars) Years ended December 31	2001	2000
At Home termination costs	$ 44.0	$ —
Cable system integration costs	16.5	10.6
Workforce reduction costs	13.1	—
Gain on sale of subsidiaries	(86.2)	—
Gain on sale of investments less writedown of investments	38.0	(112.5)
Proceeds received on termination of merger agreement	—	(222.5)
Losses from investments accounted for by the equity method	81.6	2.7
Investment and other Income	(24.5)	(5.1)
Depreciation, amortization and interest	1,351.2	1,090.4
Income taxes	43.1	47.5
Non-controlling interest	(90.0)	(34.8)
Total	$ 1,386.8	$ 776.3

At Home termination costs

Cable had offered high-speed Internet access through an exclusive agreement with At Home Corporation ("At Home"), a U.S.-based broadband provider. At Home provided the Company's high-speed Internet subscribers with broadband content access to the Internet and applications including e-mail.

During 2001, Cable accelerated plans to develop its own high-speed Internet network as an alternative to the network provided by At Home and to transition all of its high-speed Internet subscribers to the Company's own network and, as a result, incurred one-time or non-recurring incremental operating expenses of $44.0 million. These expenses primarily consisted of a US$15.0 million payment under a transitional agreement and identifiable incremental customer service and customer communication expenses.

Cable system integration costs

In 2000, the Company entered into an agreement to exchange certain Canadian cable television properties with Shaw Communications Inc. ("Shaw") effective November 1, 2000. Costs expensed in the first half of 2001 to integrate the Shaw systems totalled $15.0 million. These costs are in addition to $10.6 million expensed in fiscal 2000. In addition, the Company spent $1.5 million integrating billing and customer care systems related to the February 2001 acquisition of Cable Atlantic.

Workforce reduction costs

During 2001, Media reduced its staff levels in the Publishing and iMedia divisions by approximately 170 employees and incurred $13.1 million in severance and related costs. As part of this workforce rationalization, the Company closed the iMedia division, turning off several Web sites and aligning several other publishing related sites to be operated by the Publishing group.

Gain on sale of subsidiaries

The Company sold certain assets in the year, including its Alaska cable systems, which served approximately 7,400 subscribers for a gain of $17.8 million; Bowdens Media Monitoring for a gain of $33.4 million; and the Company also determined that a provision for certain potential liabilities in the amount of $35.0 million relating to the sale of a subsidiary in a previous year was no longer required and, accordingly, recorded this amount in gain on sale of subsidiaries in the fourth quarter. Combined, the total gain on sale of subsidiaries before taxes was $86.2 million.

Gain on sale of investments and writedown of investments

During 2001, the Company sold 970,000 common shares of Terayon Communications Systems, Inc. for proceeds and a gain on sale of $16.2 million before income taxes. In addition, the Company sold 650,000 shares of Liberate Technologies, Inc. for proceeds of $11.7 million, resulting in a gain on sale of $7.1 million before income taxes. Combined, the total gain on the sale of investments amounted to approximately $23.3 million. In 2000, the Company recorded gains on the sale of investments of $114.2 million related to the disposition of shares of Canadian Satellite Communications Inc., Liberate Technologies, Inc., and Terayon Communications Systems, Inc.

In the fourth quarter of 2001, the Company recorded investment writedowns against temporary investments and investments in private companies in the amount of $61.2 million. In 2000, the Company recorded a writedown of its investments in certain private companies in the amount of $1.7 million.

Losses from investments accounted for by the equity method

The Company records equity income and losses from investments which the Company does not control yet is able to exercise significant influence.

The primary component related to the losses recorded in 2001 relates to the losses of the Toronto Blue Jays Baseball Club ("Blue Jays").

Effective December 31, 2000, the Company purchased an 80% interest in the Blue Jays for cash of $163.9 million, net of cash acquired.

Effective April 1, 2001, Rogers Telecommunications Ltd. ("RTL"), a company controlled by the controlling shareholder of the Company, acquired the Class A Preferred shares of the subsidiary of RCI that owns the Blue Jays ("Blue Jays Holdco") for $30.0 million. These Class A Preferred shares are voting and redeemable for cash of $30.0 million plus any accrued unpaid dividends at the option of Blue Jays Holdco at any time after September 14, 2004. Any such redemption requires the consent of a committee of the Board of Directors of Blue Jays Holdco composed of directors that are not related to RTL, RTL's affiliates or its controlling shareholder, and requires the prior written consent of the Board of Directors of the Company. These Class A Preferred shares may be acquired by the Company at its option at any time; however, the Company does not intend to exercise this option in the foreseeable future. The Class A Preferred shares pay dividends at a rate of 9.167% per annum. For periods up to July 31, 2004, Blue Jays Holdco may satisfy the cumulative dividends on its Class A Preferred shares in kind by transferring to RTL income tax loss carryforwards having an agreed value equal to the amount of the dividends. During 2001, the Company contributed $52.3 million to the Blue Jays to finance a portion of its operating losses. It is the Company's intention to continue to finance cash requirements of the Blue Jays in 2002, which are expected to be approximately $55.0 million. This amount is budgeted 2002 operating expenditures less changes in working capital and cash resources on hand as at December 31, 2001.

The Company has the option to acquire the minority interest in the Blue Jays at any time, and the minority interest owner has the right to require the Company to purchase its interest at any time after December 15, 2003, for approximately $45.0 million, plus interest at 9% per annum from December 15, 2000. This obligation has been recorded as a liability by the Company.

As a result of this issuance of the Class A Preferred shares of Blue Jays Holdco to RTL, the Company no longer has voting control of the Blue Jays. Accordingly, effective April 1, 2001, the Company accounts for its investment in the Blue Jays using the equity method and the Blue Jays are no longer consolidated. The 20% minority interest owner of the Blue Jays is not required to fund operating losses of the Blue Jays and, as a result, as required under GAAP, the Company has recorded 100% of the operating losses of the Blue Jays in 2001.

During the period April 1 to December 31, 2001, the Company recorded equity losses of $82.6 million. The results of operations of the Blue Jays for the three months ended March 31, 2001, are consolidated in the consolidated statement of income of the Company.

For the period January 1 to March 31, 2001, the Company included operating losses of $13.5 million from the Blue Jays in its consolidated operating profit. (See Note 6(A)(i) of the Consolidated Financial Statements.)

Depreciation, amortization and interest

Depreciation and amortization in 2001 was $920.9 million, an increase of $190.1 million, or 26.0%, from $730.8 million in the prior year. Increased depreciation and amortization expense was primarily due to the capital spending at Cable and Wireless and the resulting higher fixed asset levels, as well as a reduction in the assumed life of certain of the Company's wireless network assets, effective January 1, 2001.

Interest expense in 2001 was $430.3 million, an increase of $70.7 million, or 19.7%, from $359.6 million in 2000. Increased debt levels at Cable and Wireless, due to capital spending were the primary reason for the increase in interest expense year-over-year. Interest expense was partially offset by interest income on significant cash balances held during the year. Interest income is recorded as part of "Investments and other income".

Income taxes

Income tax expense is calculated under Canadian GAAP as outlined in Notes 1(l) and 12 of the Consolidated Financial Statements.

Non-controlling interest

Non-controlling interest, representing 47.6% non-controlling interest in Wireless' net losses, was $90.0 million in 2001 as compared to $34.8 million in 2000.

Net income and loss per share

Rogers recorded a loss of $434.3 million in 2001, or $2.41 per share (after distributions on Convertible Preferred Securities and accreted interest on Preferred securities ("after distributions on preferred"), compared to net income of $141.4 million in 2000, or $0.44 per share (after distributions on preferred). Net income for 2000 also included $222.5 million received by the Company on termination of the merger agreement with Le Groupe Vidéotron ltée ("Vidéotron"). Excluding non-recurring items in both years, Rogers recorded a loss of $395.5 million, or $2.23 per share (after distributions on preferred) in 2001 compared to a loss of $90.1 million, or $0.69 per share (after distributions on preferred) in 2000. In 2001, the weighted average number of Class A and Class B common shares outstanding increased to 208.6 million, from 203.8 million in 2000. The number of shares and earnings per share ("EPS") calculations stated above reflect Basic Earnings per Share.

I. Employees

As at December 31, 2001, Rogers had approximately 13,500 full-time equivalent ("FTE") employees across all of its operating groups, representing an increase of almost 700 FTEs from the levels reported at December 31, 2000. Employment level change across the major operating segments is as follows:

Wireless ended the year with 4,100 FTEs, an increase of 400 from 3,700 at December 31, 2000. Customer service staffing increases associated with the growth of the business accounted for the majority of the year-over-year increase.

Cable ended the year with 6,000 FTEs, an increase of 600 from 5,400 at December 31, 2000. The integration of approximately 150 Cable Atlantic employees as well as increases in technical, sales and customer and video stores accounted for the year-over-year increase.

Media ended the year with 2,700 FTEs, a decrease of 400 from 3,100 at December 31, 2000. Year-over-year staffing levels declined as a result of the sale of Bowdens Media Monitoring and workforce reduction initiatives at the Publishing and iMedia divisions.

RSS and the Company's corporate office increased employment levels by approximately 100 FTEs in 2001.

Total remuneration paid to employees (both full- and part-time) in 2001 was approximately $698.0 million, an increase of $95.0 million, or 15.8%, from $603 million in the prior year.

J. Cable

2001 overview — Cable

For purposes of this discussion, the financial results of Cable have been divided into the following categories: (1) core cable, (2) high-speed Internet and (3) video stores. Core cable revenues include revenues derived from analog and digital cable services. Analog cable service revenue consists of basic cable service fees plus extended basic (or tier) service fees, installation fees and access fees for use of channel capacity by third parties. Digital cable service revenue consists of digital channel service fees, including premium and specialty service fees, pay-per-view service fees, interactive television service fees, set-top terminal rental fees, and installation fees. High-speed Internet service revenue includes residential and commercial high-speed Internet service and modem rental fees plus installation fees. Video stores revenue includes the sale and rental of videocassettes, DVDs, and video games as well as the sale of confectionery.

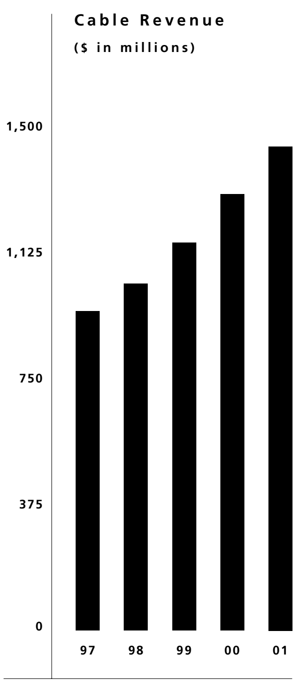
Cable operating expenses consist of (1) cost of programming services; (2) royalties paid for content and access to the high-speed Internet service; (3) depreciation related to the acquisition of video merchandise and movies; (4) sales and marketing expenses; (5) technical operating expenses; (6) customer care expenses; (7) community television expenses; and (8) general and administrative expenses. Cost of programming includes the monthly contracted payments for the acquisition of programming paid directly to the broadcaster as well as to copyright collectives and the Canadian Television Fund. Prior to October 2001, Cable made royalty payments to At Home based on a formula relating to a percentage of its high-speed Internet revenues and/or its subscriber balances. In exchange for these royalty payments, At Home provided Cable's At Home subscribers with content and access to the Internet, including e-mail service. Video stores costs of sales include the depreciation of the cost of videocassettes and DVDs as well as the direct cost of goods sold on non-rental merchandise. Sales and marketing expenses include sales and retention related advertising and customer communications plus other acquisition costs such as sales support and commissions. Technical operating expenses include the costs of operating and maintaining the cable network as well as customer service activity ranging from installations to repair. Customer care costs include the costs associated with the order-taking and billing inquiries of subscribers. Community television costs are a regulatory requirement and consist of the costs to operate a series of local community-based television stations, which traditionally have filled a unique customer-oriented niche.

Summarized Cable financial results

(In millions of dollars) Years ended December 31	2001	2000	% change
Revenue			
Core cable	$ 1,043.1	$ 980.3	6.4
High-speed Internet	166.5	111.5	49.3
Video stores	223.4	199.4	12.0
Total	$ 1,433.0	$ 1,291.2	11.0
Operating expenses			
Core cable	$ 603.2	$ 572.5	5.4
High-speed Internet	108.1	76.0	42.2
Video stores	204.9	184.9	10.8
Total	$ 916.2	$ 833.4	9.9
Operating profit[1]			
Core cable	$ 439.9	$ 407.8	7.9
High-speed Internet	58.4	35.5	64.5
Video stores	18.5	14.5	27.6
Total	$ 516.8	$ 457.8	12.9
Operating profit as a percentage of revenue			
Core cable	42.2%	41.6%	
High-speed Internet	35.1%	31.9%	
Video stores	8.3%	7.3%	
Total	36.1%	35.5%	
Capital expenditures[2]	$ 749.7	$ 650.4	15.3

1 Operating profit is defined as operating income before management fees, interest, income taxes, depreciation, amortization and non-recurring items (cable system integration and At Home termination costs) and other non-operating and non-recurring items.

2 Excluding videocassette purchases.



Highlights for 2001 — Cable

The major events and achievements that affected Cable's operating and financial performance in 2001 included the following:

- the February 2001 acquisition by Rogers, and its subsequent transfer to Cable, of all of the outstanding shares of Cable Atlantic Inc., which has since been renamed Rogers Cable Atlantic Inc. ("Cable Atlantic") serves approximately 75,000 basic cable subscribers in Newfoundland;
- an increase of over 166,000 net new high-speed Internet subscribers in 2001, representing a 53.3% increase in the total high-speed Internet subscriber base;
- an increase of approximately 100,000 net new digital cable households, an increase of 58.1% from the opening position for 2001;
- the launch of up to 60 new digital only specialty channels in September 2001, more than any other Canadian cable or satellite provider, the majority of which were offered to customers on a free preview basis until January 2002. This preview offer was made in conjunction with the digital specialty channel providers to stimulate customer interest;
- in the fourth quarter, Cable launched the largest HDTV offering in Canada, with up to eight channels, and was also the first Multiple System Operator ("MSO") to launch Enhanced TV in Canada. A subscriber with an enhanced enabled set-top box sees icons flash on the screen when additional features are available, such as information and the ability to order products and services;
- the acceleration and substantial completion of the transition of its high-speed Internet customers from the At Home network to its new network and platforms. By the end of January 2002, Cable had transitioned all of its high-speed Internet customers to its new IP network, regional data centre and e-mail platform;
- the addition of 19 new Rogers Video stores, raising the total number of Video stores to 260; and
- subsequent to year-end, Cable entered into a new amended and restated bank loan agreement, which provides for a revolving/reducing credit facility of up to $1.075 billion, which matures on January 2, 2009, and, in addition, issued $450 million 7.60% Series Secured Notes due 2007.

Cable revenue and subscribers

(Subscriber statistics in thousands) Years ended December 31	2001	2000	change	% change
Basic cable subscribers	2,286.4	2,219.4	67.0	3.0
Basic cable, net additions	(4.8)	4.8	(9.6)	—
High-speed Internet subscribers	478.8	312.3	166.5	53.3
High-speed Internet, net additions	160.1	151.1	9.0	6.0
Digital boxes in service	314.1	201.1	113.0	56.2
Digital boxes, net additions	113.0	116.5	(3.5)	(3.0)
Digital households	272.1	172.1	100.0	58.1
Digital households, net additions	100.0	97.3	2.7	2.8
VIP customers	497.5	359.4	138.1	38.4
VIP customers, net additions	138.1	114.3	23.8	20.8

Total Cable revenue

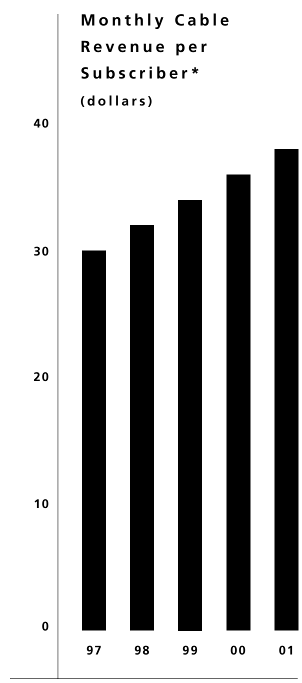
For 2001, Cable's consolidated revenue was $1,433.0 million, which represented growth of $141.8 million, or 11.0%, over $1,291.2 million in 2000.

Core cable revenue

Core cable revenue, which accounted for 72.8% of total Cable revenues in 2001, totalled $1,043.1 million, a $62.8 million, or 6.4%, increase over 2000. The acquisition of Cable Atlantic accounted for $30.5 million of this increase. Analog basic cable and tier service accounted for $13.1 million of the increase, due partially to average rate increases of $0.10 per month on basic cable service and $0.95 per month on tier services that took effect throughout 2001. The remaining $19.1 million increase is primarily attributable to increased revenues related to digital services and rental of equipment. Core average revenue per subscriber was $38.09 in 2001, an increase from $36.49 in 2000. Basic subscribers increased by 67,000 as a result of approximately 75,000 subscribers acquired through the acquisition of Cable Atlantic, as well as adjustments to the opening subscriber count related to the Shaw swap, leaving a net reduction of 4,800 basic cable subscribers in the year. Cable ended the year with 314,100 digital terminals in 272,100 households, increases of 56.2% and 58.1% over the prior year, respectively.

At December 31, 2001, 84.2% of basic cable service customers also subscribed to one or more tier services, compared to 85.7% at December 31, 2000. Tier three penetration levels have grown to approximately 63.5% in Ontario at December 31, 2001, up from 61.9% at December 31, 2000. Cable ended the quarter with 497,500 VIP customers who participate in the Company's high-value customer loyalty program.

Monthly Cable Revenue per Subscriber* (dollars)



* Excludes high-speed Internet

High-speed Internet revenue

High-speed Internet revenue for 2001 grew by $55.0 million, or 49.3%, from the same period in 2000. The acquisition of Cable Atlantic accounted for $5.9 million of the increase, while the balance was due to the significant increase in the number of subscribers. Average revenue per high-speed Internet subscriber per month for 2001 was $36.20, a decrease from $38.38 for 2000, primarily due to introductory promotional pricing initiatives during 2001. The strong growth in 2001 resulted in net subscriber additions of 160,100 for the year as compared to 151,100 in the prior year.

Video store revenue

Video store revenue grew by $24.0 million, or 12.0%, for 2001 due to the opening of 19 stores and to a 4.0% increase in same store revenues. Same stores are stores that were open for a full year in both 2001 and 2000.

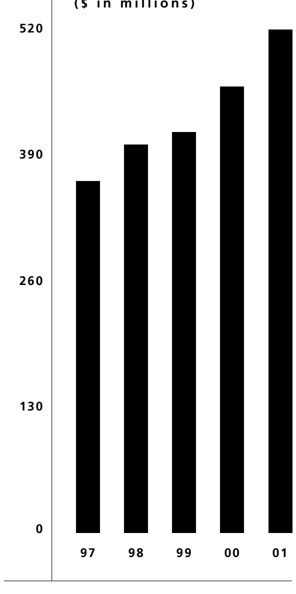
Cable operating expenses

Consolidated cable operating expenses in 2001 increased by $82.8 million, or 9.9%, over 2000, with $30.7 million related to core cable expenses, $32.1 million related to high-speed Internet expenses and $20.1 million related to video store expenses. Included in the year-over-year increases are costs of Cable Atlantic of $18.2 million in core cable and $3.8 million in high-speed Internet. Increased costs for core cable were largely related to digital subscriber growth and increased costs, such as programming fees. The increase in expenses related to high-speed Internet represented a 42.3% increase in costs, which was attributable to the significant increase in high-speed Internet subscribers as well as year-over-year increases in sales and marketing costs associated with the cost of acquiring new subscribers. The video store expense increase relates to an increase in the number of stores coupled with higher expenses associated with videocassette, DVD and video game acquisition costs.

Cable operating profit

For 2001, consolidated Cable operating profit grew by $59.0 million or 12.9% over the same period in 2000, from $457.8 million to $516.8 million. Core cable operating profit increased by $32.1 million, or 7.9%, as the impact of higher revenues from rate increases and increased digital penetration exceeded the increasing costs of supporting subscribers; $12.3 million of this increase was generated by the acquisition of Cable Atlantic. High-speed Internet operating income grew by $22.9 million, or 64.5%, as a result of continuing synergies created from subscriber growth, resulting in decreased average operating costs, combined with an incremental $2.2 million from Cable Atlantic. Video store operating income increased by $4.0 million, or 27.9%, as revenue growth outpaced cost growth due to efficiencies implemented in staffing and lower costs of sales. Growth in operating margin was realized in all parts of Cable's business for 2001. Compared to the same period in 2000, core cable operating margin improved to 42.2% from 41.6%, high-speed Internet operating margin grew to 35.1% from 31.9%, and video store operating margin grew to 8.3% from 7.3%. The improvements in operating margin were realized as a result of the revenue increases combined with controlled growth in operating costs, as operating efficiencies were realized in all aspects of Cable's businesses.

Cable Operating Profit*
($ in millions)



* Operating profit is defined as operating income before management fees, interest, income taxes, depreciation, amortization, non-recurring items (cable system integration and At Home termination costs) and other non-operating and non-recurring items.

Cable capital expenditures

The nature of the cable television business is such that the construction, rebuild and expansion of a cable system is highly capital intensive. Capital expenditures generally fall into the following categories: (1) network capital, which includes plant rebuild programs, new plant and area extension, plant maintenance, the inter-city fibre network, and node segmentation for high-speed Internet services; (2) subscriber equipment, which includes digital set-top terminals and cable modems and their related installation costs; and (3) general capital such as information technology, leaseholds, furniture and fixtures, fleet, and video stores, which includes store furniture and fixture costs.

For 2001, Cable capital expenditures increased 15.3% over 2000 to total $749.7 million. The increase over 2000 was due to the success of new services such as digital cable and high-speed Internet, which in both cases required an investment in subscriber equipment and specialized network equipment in order to deliver service. Another factor contributing to the increase was the cost incurred to further segment the network to allow for increased Internet traffic, as well as to build high-speed Internet infrastructure as an alternative to the broadband access provided by At Home. Of the $749.7 million, approximately 63.0% was for network capital projects such as rebuild, new area build, Internet and headend equipment, and approximately 26.0% was for high-speed Internet and digital subscriber equipment, including the cost of converting approximately 40,000 former Shaw digital cable subscribers in Ontario to our Scientific Atlanta digital platform. At the end of December 2001, approximately 85% of homes passed by cable were two-way capable.

Cable risks and uncertainties

The cable business is subject to several operating risks and uncertainties that may result in a material adverse effect on the business and financial results as outlined below:

It is expected that a substantial portion of future growth will be achieved from new and advanced cable products and services. Accordingly, Cable has invested significant capital resources in the development of a technologically advanced cable network in order to support a wide variety of advanced cable products and services, and has invested significant resources in the development of new services to be provided over the network. However, consumers may not provide sufficient demand for the enhanced cable services that are offered. Alternatively, Cable may fail to anticipate demand for certain products and services, or may not be able to offer or market these new products and services successfully to subscribers. Cable's failure to attract subscribers to new products and services, or failure to keep pace with changing consumer preferences for cable services, could slow revenue growth and have a material adverse effect on Cable's business and financial condition.

Technological, regulatory and public policy trends have resulted in a more competitive environment for cable television service providers, Internet Service Providers ("ISPs") and video sales and rental services in Canada. Cable faces competition from entities utilizing other communications technologies and may face competition from other technologies being developed or to be developed in the future. The ability to attract and retain customers is also highly dependent on the quality and reliability of service provided, as well as execution of business processes in relation to services provided by competitors. Competitors of cable include DTH satellite providers, and other distributors of multi-channel television signals to homes for a fee, including "grey market'' satellite service providers, which are U.S. DBS providers whose signals are not sold but can be acquired in Canada, MMDS operators, SMATVs, and over-air television broadcasters. Other emerging competitors of the cable television business are providers of "black market", pirate systems to Canadian customers which allow customers to take, without paying a fee, programming services from U.S. satellite providers by defeating the operation of the systems preventing unauthorized access. Competitors of the high-speed Internet business include other ISPs offering competing residential and commercial Internet access services. Competitors of the videocassette, DVD and video games sales and rental business include other video rental and retail outlets, as well as alternative entertainment media, such as theatres and movie theatres, pay-per-view services and broadcasting services, as well as the potential for competition from emerging Video-On-Demand, or VOD, services expected to be offered shortly by cable television providers.

The Canadian Broadcasting Distribution Regulations do not allow Cable or its competitors to obtain exclusive contracts in buildings where it is technically feasible to install two or more systems. In buildings where end-user choice is not possible, Cable cannot sign exclusive contracts more than five years in length, whereas its competitors can sign unlimited exclusive contracts. Cable's position is that in all buildings, except those wired with series wiring, it is technically feasible to have more than one provider.

An increasing component of Cable's capital expenditures will be to support a series of more advanced services. These services include Cable's high-speed Internet, digital television, Video-On-Demand and other enhanced services that require advanced subscriber equipment. A substantial component of the capital required to support these services will be demand driven. As a result, forecasting capital expenditure levels for Cable will likely become less precise.

There were over 60 digital specialty channels that became available in Canada in the latter portion of 2001. We believe that subscriber selection of these digital specialty service channels, whether individually, in pre-set theme packs or in customer-designed channel packages, will provide a consistent and growing stream of new revenue. In addition, the ability to attract subscribers to digital cable service is enhanced by the expanded variety of programming choices that are currently available. If a number of programmers that supply digital specialty channels face financial or operational difficulty sufficient to cease their operations, and the number of digital specialty channels decreases significantly, it may have a significant negative impact on cable revenue.

We have been required by the CRTC to provide access to Cable's cable systems by third party ISPs at mandated wholesale rates. The CRTC has approved cost-based rates for third party Internet access service and is currently considering proposed rates for third party interconnection and other outstanding terms and conditions of the service. Until an approved tariff for third party Internet access service is in place, Cable has been directed by the CRTC to resell retail high-speed Internet service to other Internet providers at a 25% discount off the lowest retail rate that is charged for the service. As a result of the requirement that Cable provides access to third party ISPs, Cable may experience increased competition at retail for high-speed Internet subscribers. In addition, these third party providers would utilize network capacity that Cable could otherwise use for its own retail subscribers. Finally, because Cable's high-speed Internet access resale rates are regulated by the CRTC, Cable could be limited in its ability to recover costs associated with providing this third party access. To date, no third parties have been provided with access pursuant to the third party access tariff.

Cable requires access to support structures and to municipal rights of way in order to deploy facilities. Where access cannot be secured, Cable may apply to the CRTC to obtain a right of access under the Telecommunications Act. However, the CRTC's jurisdiction to establish the terms and conditions of access to the support structure of hydroelectric utilities, as well as to municipal rights of way, has been challenged in the courts. In a recent decision, the Federal Court of Appeal has determined that the CRTC does not have the jurisdiction to establish the terms and conditions of access to the poles of hydroelectric companies. An application seeking leave to appeal this decision is pending before the Supreme Court of Canada. If the Federal Court of Appeal decision is permitted to stand, the costs of obtaining access to support structures of hydroelectric companies could be substantially increased. A number of municipalities have also appealed a decision of the CRTC asserting jurisdiction over the terms and conditions of access to municipal rights of way by telecommunications carriers and distribution undertakings such as Rogers. If the appeal is successful, the costs of deploying facilities in urban areas could also be significantly increased.

K. Wireless

2001 overview — Wireless

For purposes of this discussion, revenue figures have been divided into the following categories: (1) wireless voice, (2) data and messaging services, and (3) equipment sales. Revenue from wireless voice, which encompasses both our digital and analog voice services, includes: (a) monthly fees (service and equipment); (b) airtime usage and long-distance charges; (c) optional service charges; (d) system access fees; and (e) roaming charges. Data and messaging services revenue is derived from monthly fees and usage charges. Equipment sales revenue is generated from the sale of hardware and accessories to independent dealers, agents and retailers.

Wireless' operating expenses consist of (1) sales and marketing expenses; (2) network operating expenses; (3) customer care expenses; (4) cost of delivery; and (5) general and administrative expenses. Sales and marketing expenses consist primarily of (a) subscriber acquisition costs, including dealer commissions and costs associated with providing handsets; (b) subscriber retention costs, including costs related to handset upgrades for qualified subscribers; (c) residual payments to sales channels; (d) advertising costs; and (e) remuneration costs. Network operating expenses consist primarily of (a) rent maintenance and utility costs associated with cell sites; (b) Industry Canada licensing fees associated with radio channels; and (c) remuneration costs for network support. Customer care expenses consist of (a) general costs associated with customer care, billing, credit and collections and (b) additional costs associated with the implementation of our new customer care and billing system. Cost of delivery expenses consist of (a) intercarrier payments to roaming partners and long distance carriers and (b) the CRTC contribution levy.

Summarized Wireless financial results

(In millions of dollars) Years ended December 31	2001	2000	% change
Revenue[1]			
Wireless voice	$ 1,515.3	$ 1,376.8	10.1
Data and messaging services	56.5	60.7	(6.9)
Network revenue	1,571.8	1,437.5	9.3
Equipment sales	181.4	201.6	(10.0)
Total	$ 1,753.2	$ 1,639.1	7.0
Operating expenses	$ 1,341.3	$ 1,228.2	9.2
Operating profit[2]	$ 411.9	$ 410.9	0.2
Operating profit as a percentage of network services revenue	26.2%	28.6%	
Capital expenditures (excluding spectrum licence costs[3])	$ 654.5	$ 526.0	24.4

1 Wireless revenue and expense has been restated to record gross roaming revenue in accordance with recent accounting guidance and industry practice. Subscriber roaming expenses are now reported as operating expenses. Previously, these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue. As a result, revenue for the years ended December 31, 2001 and 2000 has been increased by approximately $109.4 million and $107.0 million, respectively, and operating, general and administrative expenses have been increased by the same amounts. Operating profit for all periods presented was unaffected by the change. All references to revenue (including average revenue per user) and operating expenses (including average monthly operating expenses before sales and marketing costs per subscriber) in this discussion reflect this change.

2 Operating profit is defined as operating income before management fees, interest, income taxes, depreciation and amortization and other non-operating and non-recurring items.

3 Spectrum licences across Canada for the deployment of next generation wireless services were acquired in February 2001 at a total cost of $396.8 million including expenses.

Highlights for 2001 — Wireless

Operating highlights in 2001 included the following:

- **the net addition of over 465,000 wireless voice subscribers, representing an increase of 24.7% from 373,000 net additions in 2000;**
- **an 18.4% increase in total wireless voice subscribers, to end the year at 2,992,000 subscribers;**
- **the total number of voice subscribers on digital service at December 31, 2001 was approximately 67% as compared to approximately 58% at the end of 2000;**
- **reduced average monthly postpaid wireless voice subscriber churn to an average monthly rate of 2.24% in 2001 as compared to 2.30% in 2000;**
- **successful participation in Industry Canada's spectrum licensing auction in January 2001, which resulted in the acquisition of 23 licences of 10 MHz each of spectrum in various regions across Canada;**
- **launched GSM/GPRS wireless voice and data services to 85% of the Canadian population, with plans to match analog coverage of 93% by mid-2002;**
- **completion of the implementation of the new Amdocs billing and customer care system with the integration of data and messaging customers, creating an important building block for new revenue opportunities and operating executives;**
- **Nadir Mohamed assumed the role of President and CEO of Wireless in the second quarter of 2001. The sales, marketing and service leadership teams were subsequently enhanced with the addition of experienced wireless industry operating executives;**
- **on September 11, 2001, the minority shareholders voted not to approve the proposed transaction by Rogers to acquire all of the outstanding Class B Restricted Voting shares owned by the public. Accordingly, the proposed transaction did not proceed and Wireless continues to go forward as a public company;**
- **completed three financing transactions:**
  1. **on April 12, 2001, Wireless, through its subsidiary, Rogers Wireless Inc., amended its bank credit facility to provide it with a revolving credit facility of $700 million with no reduction until April 30, 2006 and a final maturity on April 30, 2008;**
  2. **on April 18, 2001, Wireless completed an equity rights offering, yielding approximately $419.9 million, net of costs; and**
  3. **on May 2, 2001, Wireless, through its subsidiary Rogers Wireless Inc., closed a debt issue in an aggregate amount of US$500 million (approximately C$770 million) of 9.625% Senior Secured Notes due May 1, 2011. Wireless has hedged the full amount of the US$500 million with respect to foreign exchange.**

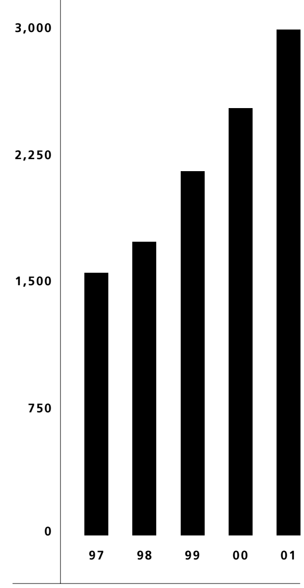
Wireless voice revenue and subscribers

(Subscriber statistics in thousands, except ARPU, churn and usage)

Years ended December 31	2001	2000	change	% change
Total — postpaid and prepaid				
Gross additions	1,221.1	1,053.4	167.7	15.9
Net additions	465.4	373.3	92.1	24.7
Total subscribers	2,991.8	2,526.4	465.4	18.4
ARPU (blended)[1]	$ 46.60	$ 50.02	$ (3.42)	(6.8)
Postpaid				
Gross additions	800.2	732.7	67.5	9.2
Net additions	197.5	198.4	(0.9)	(0.5)
Total subscribers	2,257.3	2,059.8	197.5	9.6
ARPU	$ 56.39	$ 57.25	$ (0.86)	(1.5)
Average monthly usage (minutes)	302	263	39	14.8
Churn (%)	2.24	2.30	(0.06)	(2.6)
Prepaid				
Gross additions	420.9	320.7	100.2	31.2
Net additions	267.9	174.9	93.0	53.2
Total subscribers	734.5	466.6	267.9	57.4
ARPU[1]	$ 10.29	$ 10.08	$ 0.21	2.1
Churn (%)	2.75	3.55	(0.80)	(22.5)

1 Prepaid ARPU calculated on the retail price of the card less approximately 20% distribution commission cost.

Wireless Voice Subscribers (in thousands)



Wireless voice revenue in 2001, which accounted for 86.4% of total revenue, totalled $1,515.3 million, a $138.5 million or 10.1% increase from 2000. This increase reflects an 18.4% increase in the number of wireless voice subscribers over fiscal 2000 and a $41.9 million increase in contribution revenues collected in the form of increased system access fees, partially offset by a 6.8% decline in blended monthly average revenue per user ("ARPU"). Monthly ARPU in 2001 was $46.60, down $3.42 from $50.02 in 2000. This trend

in monthly ARPU is primarily attributable to an increase in the proportion of subscribers that subscribe to prepaid wireless service, from 18.5% of the total wireless voice subscriber base in 2000 to 24.6% at the end of 2001. Prepaid wireless voice net additions in 2001 of 267,900 accounted for 57.6% of the total net additions in the year as compared to 46.9% in 2000. Prepaid monthly ARPU averaged $10.29 in 2001 compared to $10.08 in 2000. Monthly postpaid ARPU was $56.39, down $0.86, or 1.5%, from $57.25 in 2000. Higher system access fees had the effect of improving postpaid ARPU by approximately $1.29 for the year. Average monthly airtime usage per postpaid subscriber increased to 302 minutes in 2001 from 263 minutes in 2000.

Average monthly postpaid churn improved to 2.24% as compared to 2.30% in 2000. Wireless took a number of steps in 2001 to facilitate improved churn management, including refocusing the customer retention programs to reduce churn levels through segmented and focused management of the subscriber base. Wireless also made significant progress in improving the implementation difficulties and certain process deficiencies related to the deployment of the customer care and billing system.

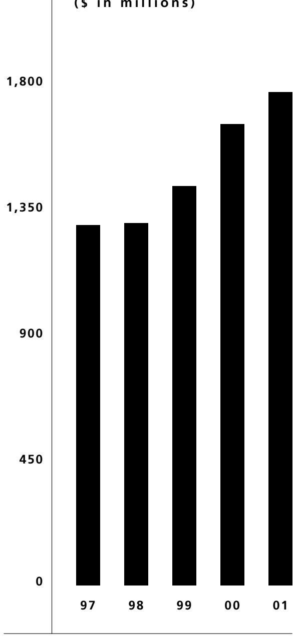
Wireless data and messaging services and equipment sales

(Subscriber statistics in thousands, except ARPU)

Years ended December 31	2001	2000	change	% change
Gross additions				
Data and two-way messaging	36.7	20.2	16.5	81.7
One-way messaging	104.7	131.6	(26.9)	(20.4)
	141.4	151.8	(10.4)	(6.9)
Net additions				
Data and two-way messaging	27.9	17.7	10.2	57.6
One-way messaging	(44.4)	(25.7)	(18.7)	(72.8)
	(16.5)	(8.0)	(8.5)	(106.3)
Total subscribers				
Data and two-way messaging	54.7	26.8	27.9	104.1
One-way messaging	372.7	417.1	(44.4)	(10.6)
	427.4	443.9	(16.5)	(3.7)
ARPU				
Data and two-way messaging	27.54	21.97	5.57	25.4
One-way messaging	9.34	10.90	(1.56)	(14.3)

Wireless Revenue

($ in millions)



Data and two-way messaging services revenue was $12.9 million in 2001, an increase of $8.2 million or 174.5% from 2000. Wireless ended the year with 54,700 data and two-way messaging subscribers, an increase of 27,900, or 104.1%, from 2000 due primarily to increased subscriptions to the two-way BlackBerry Wireless Handheld™ messaging service. Monthly data and two-way messaging ARPU was $27.54, an increase of $5.57 or 25.4% from 2000, attributable to increased usage and a higher average ARPU being received on new activations of the two-way BlackBerry messaging service.

One-way messaging (paging) revenue of $43.6 million declined $12.4 million or 22.1% from 2000 as a result of a 44,400, or 10.6%, decline in subscribers as compared to 2000. This decline tracked with an overall decline in the one-way paging market as customers transition to wireless voice and two-way messaging services.

Wireless equipment sales revenue

In 2001, revenue from wireless voice, data and messaging equipment sales was $181.4 million, down $20.2 million, or 10.0%, from the prior year. Equipment is sold to independent dealers, agents and retailers, generally at cost. The decrease in equipment revenue reflects declining per unit costs and does not materially impact operating profit.

Wireless operating expenses

(In millions of dollars, except per subscriber statistics. Subscriber gross additions in thousands) Years ended December 31	2001	2000	% change
Operating expenses before sales and marketing costs	$ 658.1	$ 559.8	17.6
Average monthly operating expenses before sales and marketing costs per average wireless subscriber	17.48	17.03	2.6
Sales and marketing costs, including retention costs	501.8	466.8	7.5
Total wireless gross additions (wireless voice, messaging and data)	1,362.5	1,205.2	13.1
Sales and marketing cost per wireless gross addition	368	387	(4.9)
Sales and marketing cost per wireless gross addition excluding retention costs	293	304	(3.6)

Sales and marketing

In early 2001, Wireless reorganized its sales and marketing groups to concentrate on three primary market segments: business, consumer and youth. This organizational structure focuses on attracting and retaining subscribers within each segment by providing product and service offerings that are developed, priced and promoted specifically to meet the demands of that segment. An example of this is the wireless "ready4U" product, launched in late 2001 and designed to attract the large consumer market. "ready4U" offers customers a wireless handset and a specified number of months of airtime for a combined upfront price. This product was designed for easy gift-giving for the holiday season and Wireless plans to market this convenient offer during certain periods of 2002. Also in 2002, Wireless intends to leverage the capabilities of the new GSM/GPRS network and Amdocs billing system by offering customers a number of new products, features and price plans.

Sales and marketing expenses, net of equipment margin, excluding retention costs, were $399.6 million, an increase of $33.7 million, or 9.2%, from $365.9 million in 2000. The increase in total sales and marketing expenses was due to increased gross activations over 2000, resulting in higher subscriber acquisition costs related to activation commissions paid to our distribution channels. Total gross additions increased 157,300 or 13.1% to 1,362,500 from 2000. Sales and marketing costs per wireless subscriber gross addition, excluding subscriber retention costs, were $293, a decrease of $11, or 3.6%, from $304 in 2000. This decline was partially due to a greater percentage of the gross additions being on the lower cost prepaid service. Prepaid gross additions represented 34.5% of total gross voice additions in 2001 as compared to 30.4% in 2000.

Customer retention

The existing wireless voice, messaging and data subscriber base, which numbers in excess of 3.4 million, represents a key asset of the Company. The cost to acquire a new subscriber is much higher than the cost of retaining an existing subscriber relationship. Wireless focused extensively on retaining our subscribers through customer satisfaction, loyalty programs and the proactive renewal of subscriber contracts. Sales and marketing cost per wireless subscriber gross addition, including retention costs, was $368, a decrease of $19 or 4.9%, from $387 in 2000. Total retention program costs for 2001 were $102.2 million, $1.3 million or 1.3% higher than 2000. This increase was driven by an increase in the subscriber base, offset by more efficient retention spending due to redesigned programs and lower handset costs.

Initiatives surrounding customer retention are now focusing on customer segments, to increase subscriber satisfaction, reduce churn and control costs. A key aspect of the retention program allows a subscriber, based upon certain eligibility criteria, to obtain a newer model handset at a price as good, or better than, the current offers for new subscribers. Churn for digital subscribers continues to be significantly lower than that of analog subscribers and, accordingly, substantially all retention activity is focused on digital handset upgrades. Wireless believes the retention handset program is an effective way to cost-effectively migrate the subscriber base from analog to digital service as well as reduce deactivations, and, partially as a function of this program, Wireless now has approximately 67% of the subscriber base on digital service.

Operating expenses, excluding sales, marketing and retention

Total operating expenses, before sales, marketing and retention costs, were $658.1 million, $98.3 million or 17.6% higher than 2000. Average monthly operating expense per subscriber, excluding sales, marketing and retention costs, increased $0.45, or 2.6%, to $17.48 per month in 2001, compared to $17.03 in 2000. The CRTC regulatory mandated contribution subsidy regime, implemented January 1, 2001, accounted for $47.3 million of the total operating expense increase. Excluding these contribution payments, average monthly operating expense per subscriber was $16.10, a decrease of $0.79 or 4.7% from $16.89 in 2000. Customer care expenses increased 13.2% due to an 18.4% increase in the subscriber base. In addition, Wireless experienced increased customer care costs in the first half of 2001 due to higher call volumes on billing and other matters related to issues encountered in the conversion to the new billing and customer care system. Network costs increased 5% year-over-year as a result of increased cell sites and maintenance costs related to increased usage.

Wireless operating profit

Operating profit was $411.9 million in 2001, an increase of $1.0 million or 0.2% from $410.9 million in 2000. Operating profit as a percentage of revenue, or operating profit margin, declined in 2001 to 26.2% from 28.6% in 2000. Operating profit before sales and marketing costs was $913.6 million in 2001, an increase of $35.9 million, or 4.1%, from $877.7 million in 2000. Operating profit before sales and marketing costs as a percentage of network service revenue was 58.1% in 2001, as compared to 61.1% in 2000.

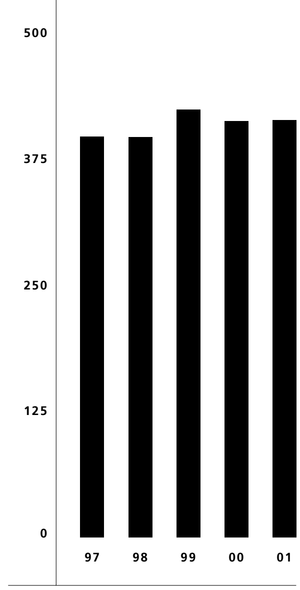
Wireless capital expenditures

Capital expenditures, excluding spectrum licence costs, totalled $654.5 million in 2001, an increase of $128.5 million or 24.4% from $526.0 million in 2000. Network related capital expenditures in 2001 totalled $518.1 million, of which approximately $272.3 million related to deployment of the new GSM/GPRS network, approximately $106.9 million related to technical spending, and approximately $58.9 million related to capacity expansion or the TDMA digital network. The remaining $80 million of network capital spending pertained primarily to (1) the construction of new cell sites, including "in-fill" sites for improved coverage in existing coverage areas and sites for new coverage and (2) various network optimization and upgrade projects. Wireless added 233 new cell sites to the network in 2001. With these additional sites, Wireless has continued to construct the infrastructure necessary for higher quality digital coverage and lower cost incremental capacity, in most cases now by only adding channels on existing sites. The remaining capital expenditures of $136.4 million represent expenditures of (1) $85.9 million on information technology initiatives and (2) $50.5 million relating to the construction of new call centres and retail stores, and the expansion and upgrade of existing office facilities, including the primary facility in Toronto.

Spectrum acquisition

In January 2001, Industry Canada conducted an auction for 62 wireless licences in the 1900 MHz frequency band in 16 regions across Canada. Wireless acquired an additional 20 MHz of spectrum in eastern and northern Ontario, southern Quebec, Alberta, British Columbia, the Midwest and the Atlantic provinces, and 10 MHz of spectrum in southern Ontario. The aggregate cost of the spectrum licences was $396.8 million, including related expenses.

Wireless Operating Profit*
($ in millions)



* Operating profit is defined as operating income before management fees, interest, income taxes, depreciation, amortization, and other non-operating and non-recurring items.

Wireless operating risks and uncertainties

The wireless business is subject to several operating risks and uncertainties that may result in a material adverse effect on the business and financial results as outlined below:

It is expected that a substantial portion of future growth will be achieved from new and advanced wireless voice and data transmission services. Accordingly, Wireless has invested significant capital resources in the development of the GSM/GPRS network in order to offer these services. However, consumers may not provide sufficient demand for these advanced wireless services offered on the GSM/GPRS network. Alternatively, Wireless may fail to anticipate demand for certain products and services, or may not be able to offer or market these new products and services successfully to subscribers. Wireless' failure to attract subscribers to new products and services, or failure to keep pace with changing consumer preferences for wireless services, could slow revenue growth and have a material adverse effect on our business and financial condition.

Wireless may face increased competition if there is a removal or relaxation of the limits on foreign ownership and control of wireless licences. Legislative action to remove or relax these limits could result in foreign telecommunication companies entering the Canadian wireless communications market, either through the acquisition of wireless licences or a holder of wireless licences. Such companies could have significantly greater capital resources than Wireless.

Continued aggressive pricing by the wireless industry participants has 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 competition and its impact on customer churn, but anticipates some re-pricing of the existing subscriber base, as lower pricing offered to attract new customers is requested by existing customers.

Wireless cannot anticipate what impact new wireless communications services or lower prices could have on overall market growth. Wireless will compete vigorously in all customer segments, focusing most heavily on the business, consumer and youth segments, and in all geographic markets based on the strengths of the extensive networks and broad digital services coverage, strong brand and broad distribution presence.

Commencing January 1, 2001, Wireless is required to make payments equal to 4.5% of adjusted revenues in accordance with the new revenue-based contribution scheme implemented by the CRTC. The percentage of adjusted revenues is adjusted annually by the CRTC. The calculation of the amount payable is subject to a number of matters of interpretation currently being determined between the CRTC and Wireless. The maximum potential additional amount payable should these matters be resolved against the Company is $7.0 million. The outcome of this matter is not determinable at this time and, as a result, no amount in respect of this matter has been recorded in these Consolidated Financial Statements. The CRTC has announced that the preliminary rate for 2002 has been reduced to 1.4%, subject to final determination in the second quarter of 2002. This has the effect of improving Wireless' operating profit by approximately $35 million for 2002. If the final rate were more than 1.4%, it would result in amounts being paid by Wireless beyond the amounts currently contemplated. For example, if the rate were to increase by 1% to 2.4%, it would have the effect of reducing the operating profit by more than $10 million.

The operation of the wireless communications network, the marketing and distribution of the products and services, and the continued transition to next generation wireless technology will continue to require substantial capital resources. Capital expenditures in 2002 are expected to decline from 2001 to between approximately $550 million and $600 million.

There is no guarantee that the future anticipated use of EDGE technology will be competitive or compatible with other technologies. The wireless digital network currently operates on GSM/GPRS and TDMA technology, which Wireless expects to supplement with EDGE technology by 2003. While Wireless has selected these technologies as the evolution from the current to future networks, there are other competing technologies that are being developed and implemented in Canada and other parts of the world. None of the competing technologies is directly compatible with each other. If the next generation technology that gains widespread acceptance is not compatible with Wireless' networks, competing services based on such alternative technology may be preferable to subscribers.

There is no guarantee that subscribers will provide sufficient demand for wireless services based on the planned next generation network technology. Wireless is focusing resources on the development of GSM/GPRS and EDGE networks in response to anticipated demand for the enhanced voice and data transmission services that will be available on these networks. The acceptance of the new technology services will depend, in part, on Wireless' ability to effectively market the advantages and utility of new applications as compared to existing and competing applications.

Media and other reports have linked radio frequency emissions from wireless handsets to various health concerns, including cancer, and to interference with various medical devices, including hearing aids and pacemakers. While there are no definitive reports or studies stating that radio frequency emissions raise health concerns, concerns over radio frequency emissions may discourage the use of wireless handsets or expose the industry and the Company to potential litigation. It is also possible that future regulatory actions may result in the imposition of more restrictive standards on radio frequency emissions from low powered devices such as wireless handsets. Wireless is unable to predict the nature or extent of any such potential restrictions.

Certain provincial government bodies are considering legislation to restrict or prohibit wireless telephone usage while driving. Legislation has been proposed in some jurisdictions to restrict or prohibit the use of wireless telephones while driving motor vehicles. Some studies have indicated that some aspects of using wireless telephones while driving may impair the attention of drivers in various circumstances, making accidents more likely. If laws are passed prohibiting or restricting the use of wireless telephones while driving, it could have the effect of reducing subscriber usage. Additionally, concerns over the use of wireless telephones while driving could lead to potential litigation relating to accidents, deaths or bodily injuries.

Industry Canada is currently considering allowing the use of jamming devices that would block wireless telephone calls in private places and in certain public places such as theatres, restaurants and corporate offices. The authorization of jamming devices in Canada could have the effect of reducing subscriber usage.

L. Media

2001 overview — Media

For discussion purposes, Media's financial results have been divided into "Publishing", "Radio", "Television", "The Shopping Channel", and "Other" that includes corporate expenses and iMedia. Publishing includes the Company's consumer and business publications, as well as its database and medical trade show businesses. Radio includes 30 AM and FM radio stations, TV listings and its 50% share in Canadian Broadcast Sales ("CBS"). Television includes the results of CFMT-TV and Rogers Sportsnet. Rogers Sportsnet was consolidated effective November 1, 2001, after Rogers acquired an additional 40% interest in the network. Media's ownership of Sportsnet is now 80% in total. The Shopping Channel is the Company's televised home-shopping service.

Media's revenues consist of (1) advertising revenues; (2) circulation and subscription revenues; and (3) retail products.

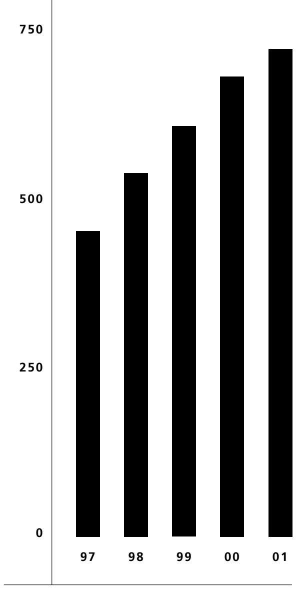
Operating expenses consist of (1) programming costs; (2) radio and television network operating expenses; (3) production expenses; (4) circulation expenses; (5) sales and marketing expenses; (6) cost of retail product sold; and (7) general and administrative expenses.

Summarized Media financial results

(In millions of dollars) Years ended December 31	2001	2000	% change
Revenue			
Publishing	$ 300.3	$ 302.7	(0.8)
Radio	148.0	141.1	4.9
Television	69.0	54.1	27.5
The Shopping Channel	192.0	176.8	8.6
Other	12.4	6.3	96.8
Total	$ 721.7	$ 681.0	6.0
Operating expenses			
Publishing	$ 273.0	$ 272.2	0.3
Radio	108.1	102.4	5.6
Television	60.8	40.2	51.2
The Shopping Channel	174.0	159.4	9.2
Other	37.5	29.4	27.6
Total	$ 653.4	$ 603.6	8.3
Operating profit[1]			
Publishing	$ 27.3	$ 30.5	(10.5)
Radio	39.9	38.7	3.1
Television	8.2	13.9	(41.0)
The Shopping Channel	18.0	17.4	3.4
Other	(25.1)	(23.1)	(8.6)
Total	$ 68.3	$ 77.4	(11.8)
Operating profit as a percentage of revenue			
Publishing	9.1%	10.1%	
Radio	27.0%	27.4%	
Television	11.9%	25.7%	
The Shopping Channel	9.4%	9.8%	
Total	9.5%	11.4%	
Capital expenditures	$ 18.8	$ 34.1	(44.9)

1 Operating profit is defined as operating income before management fees, interest, income taxes, depreciation, amortization and non-recurring items (workforce reduction costs) and other non-operating and non-recurring items.

Media Revenue
($ in millions)



Highlights for 2001 — Media

The major events and achievements that affected Media's operating and financial performance in 2001 included the following:

- **through acquisitions and divestitures, Media strategically strengthened its core businesses. These transactions included:**
  - **the sale of Bowdens Media Monitoring Limited for total cash proceeds of $40.3 million, which translated into a gain before income taxes of $33.4 million;**
  - **the fourth quarter of 2001 acquisition of an additional 40% of CTV Sportsnet Inc. for $132.8 million, which, together with previously purchased interests, brings the Company's interest to 80% of the voting shares of Sportsnet to strengthen Media's television holdings and complement other assets held by Rogers; the remaining 20% of Sportsnet is held by Fox Sportnet Canada Holding LLC;**
  - **execution of an agreement, subject to CRTC approval, to purchase the assets of 13 radio stations, including the all-sports Toronto AM radio station, THE FAN 590, for total cash consideration of $100 million.**
- **with partners, launched four new digital specialty channels including; The Biography Channel, TechTV, MSNBC Canada and Mystery Channel;**
- **initiated a project to review all operations, resulting in a reduction in the overall workforce of Media and, more importantly, rationalized the manner in which Media operates. Through this initiative, the iMedia group was dismantled with certain of the Web sites being shut down and the remaining Web sites being integrated into the operations of existing Media groups;**
- **Media also entered into a new bank loan agreement that provides for a $500 million revolving bank credit facility, which matures on September 30, 2006.**

2001 Media financial overview

Total revenue for Media was $721.7 million in 2001, an increase of $40.7 million or 6.0% from $681.0 million in 2000. Of the $40.7 million in revenue growth, $15.2 million was from The Shopping Channel, Radio contributed $6.9 million and Television contributed $14.9 million. The growth in Television revenue was directly attributable to the acquisition of the Sportsnet interest on November 1, 2001. In total, across all Media divisions, approximately 53.1% of the total 2001 revenue was advertising based. Total operating profit, before workforce reduction costs, was $68.3 million in 2001, a decrease of 11.8% or $9.1 million, which was primarily attributable to reductions in operating profit in the Publishing and Television divisions. Details of these changes are discussed in further detail under the overview of each business segment.

Publishing

Revenue at the Publishing division was $300.3 million, a reduction of $2.4 million, or 0.8%, from $302.7 million in 2000. Excluding the impact on revenues of the sale of Bowdens, Publishing revenues were up by approximately $3.2 million, due to the strength of the Women's and Parenting publications as well as growth in the Healthcare and Financial publishing groups.

Publishing operating profit was $27.3 million in 2001, a reduction of $3.2 million or 10.5% from $30.5 million in 2000, due primarily to lower margins resulting from reduced sales from the Medical Education Network ("MEN") and the impact of the sale of Bowdens in September 2001.

The Publishing group has focused intently on rationalizing its cost structure in light of a slowdown in the advertising market caused by the generally poor economic conditions in North America, and which further worsened in the latter part of 2001. As a result, the Publishing division has reduced its workforce by approximately 54 employees, which is expected to increase margins in 2002.

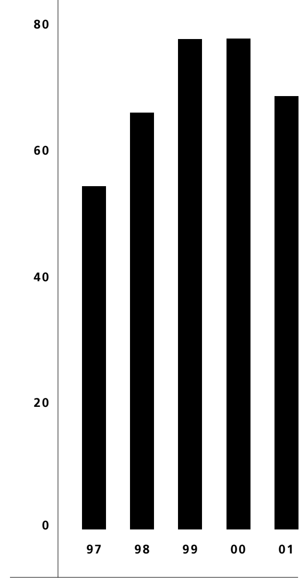
Radio

Radio revenue was $148.0 million, a $6.9 million or 4.9% increase from $141.1 million in 2000. This increase was driven by strong revenue growth in the Calgary, Vancouver, Winnipeg and Kitchener markets, as well as a strong performance from the TV Listings operation. TV Listings is a television broadcast channel featuring listings of programs and advertising.

Radio's stations continue to perform well from a ratings perspective the fall 2001 Bureau of Broadcast Management ("BBM") ratings, Media's successful 680News radio station attracted the largest listening audience of any radio station in Canada.

Radio operating profit increased by $1.2 million to $39.9 million and operating margins were relatively stable, as compared to the prior year. These results were achieved in spite of the pronounced economic slowdown in the second half of the year.

Media Operating Profit*
($ in millions)



* Operating profit is defined as operating income before management fees, interest, income taxes, depreciation, amortization, non-recurring items (workforce reduction costs) and other non-operating and non-recurring items.

Television

Television includes the results of CFMT-TV and Rogers Sportsnet. The operating results of Sportsnet were consolidated effective November 1, 2001, with the acquisition of an additional 40% interest. Canada's only regional all-sports network, Sportsnet derives revenues from subscribers and its broadcast signal is carried by cable and satellite across Canada. In addition to subscription revenue, Sportsnet receives advertising revenue. Revenue from Sportsnet for the two months amounted to $16.4 million.

Revenue at CFMT-TV, Media's multilingual over-the-air television station in Toronto, decreased by $1.5 million, or 2.8%, compared to 2000 due to softening of the television advertising market.

Operating profit at CFMT-TV was $12.4 million in 2001, before any one-time adjustments, a $1.5 million or 10.8% decrease from 2000. This decrease was directly attributable to the impact of reduced advertising revenues in the second half of the year.

Operating profit at the Television division was also impacted by (1) $2.0 million in costs related to the CRTC application for a new over-the-air licence in Vancouver that were expensed as the application was unsuccessful, and (2) by $2.2 million of operating losses at Sportsnet for the last two months of the year subsequent to the acquisition of voting control.

The Shopping Channel

The Shopping Channel's revenue increased $15.2 million, or 8.6% to $192.0 million from $176.8 million in 2000. This marked the sixth year of revenue growth for this business, which is Canada's only nationally televised home shopping network. Much of this revenue growth came from the off-air sales channels. In 2001, off-air sales represented 20.6% of revenue, up from 13.5% in 2000.

The off-air revenue growth primarily came from The Shopping Channel Web site that accounted for 8.0% of total sales and the 20/20 Direct television advertising channel that accounted for 7.2% of total sales. The remainder of the off-air sales came from The Shopping Channel's catalog and retail store.

Operating profit at The Shopping Channel was $18.0 million, a $0.6 million or 3.4% increase from $17.4 million in 2000.

Other

"Other" includes the iMedia division and corporate office expenses of Media.

Over the course of 2001, Media, in light of losses at the iMedia division, looked for a business model that would allow the iMedia division to become profitable. Based on this review, it was determined the most feasible approach would be to transition the ownership of certain Web sites directly to the publications that could provide content for the sites.

This has allowed the Company to reduce the workforce by approximately 116 employees related to supporting these sites as well as removing a layer of management and overhead support.

Media capital expenditures

Total Media capital expenditures in 2001 were $18.8 million compared to $34.1 million in 2000. The decrease was primarily due to the consolidation of Radio operations in each of the Toronto, Ottawa, Vancouver and Calgary radio operations to single locations in fiscal 2000.

Media risks and uncertainties

The media business is subject to several operating risks and uncertainties that may result in a material adverse effect on the business and financial results as outlined below:

Media depends on advertising as a principal source of revenue and its businesses would be adversely affected by any material decline in the demand for advertising. Media derived approximately one-half of its revenue in 2001 from the sale of advertising and advertising will continue to be a principal source of Media's revenue for the foreseeable future. Most of Media's advertising contracts are short-term contracts that can be terminated by the advertiser with little notice.

In addition, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns outside of Media's control. Moreover, because a substantial portion of Media's revenue is derived from local advertisers, its ability to generate advertising revenue in specific markets could be adversely affected by local or regional economic downturns. This is particularly true in Toronto, where Media's three radio stations and its CFMT-TV television station accounted for approximately 15% of Media's revenues in 2001.

Advertisers base a substantial part of their purchasing decisions on statistics (such as ratings and the size of readership) generated by industry associations or agencies. If Media's radio and television ratings or magazine readership were to decrease substantially, Media's advertising revenue and the rates which Media could obtain from advertisers could be adversely affected.

Historically, Media's growth has been generated in part by strategic acquisitions and Media intends to continue to selectively pursue acquisitions of radio and television stations and publishing properties. Media is unable to predict whether it will be successful in acquiring properties that enhance its businesses. If Media is unable to identify and make acquisitions, its growth may slow. In addition, Media may face difficulties associated with integrating the operations of acquired businesses. Any difficulties encountered in integrating acquisitions may have a material adverse effect on Media's business, financial condition or results of operations.

New alternative media technologies, such as digital radio services, direct-to-home satellite, wireless and wired cable television, Internet radio and video programming and on-line publishing content, have recently begun competing for programming and publishing content, audiences and advertising revenues. These competing technologies may increase audience fragmentation, reduce Media's ratings or have an adverse effect on its advertising revenue from local and national audiences. These or other technologies and business models may have a material adverse effect on Media's business, results of operations or financial condition.

The Canadian magazine industry has, for many years, benefited from government legislation 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 with respect to the Canadian publishing industry contravened the General Agreement on Tariffs and Trade ("GATT"). In 1998, the Government of Canada repealed the contravening legislation and, in May 1999, enacted the Foreign Publishers Advertising Services Act (Canada), which allows foreign publishers access to the Canadian advertising market, subject to certain restrictions. Increased access to Canadian advertising by foreign publishers, many of whom have significant financial resources and large readership bases, could have a significant adverse effect upon Media's publishing advertising revenues and operations.

In addition, the Government of Canada created the Canadian Magazine Fund ("CMF") to provide additional funding support for Canadian magazine publishers, subject to certain eligibility requirements. Beginning in 2000-2001, the CMF is intended to provide $150 million in funding to Canadian magazine publishers through 2003. Support under the Canadian Editorial Content component of the CMF is intended to help encourage Canadian publishers to continue to produce high-quality Canadian editorial content. In 2000-2001, the CMF distributed $25 million to over 400 publishers, with funding pro-rated across applicants based on their respective share of total eligible Canadian editorial expenses. Media received approximately $5.6 million in support from the CMF in 2001. The Government of Canada has committed to the CMF through 2003 but there is no assurance that it will continue beyond that time.

A significant portion of Publishing's operating expenses consist of paper, printing and postage expenses. Paper is Publishing's single largest raw material expense, representing approximately 10% of Publishing's operating expenses in 2001. Publishing depends upon outside suppliers for all of its paper supplies and Publishing holds relatively small quantities of paper in stock. Publishing is unable to control paper prices, which can fluctuate widely. Moreover, Publishing is generally unable to pass paper cost increases on to customers. Printing costs represented approximately 10% of Publishing's operating expenses in 2001. Publishing relies on third parties for nearly all of its printing services. In addition, Media relies on the Canadian Postal Service to distribute a large percentage of its publications and increases in postage would have an adverse impact on financial results. A material increase in paper prices, printing costs or postage could have a material adverse effect on Publishing's business, results of operations or financial condition.

Advertising revenues, which are largely a function of consumer confidence and general economic conditions, remain unpredictable, although the diversity of the group, both geographically and in terms of the breadth of media, help 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 and categories when advertising budgets are tightened. Most of Media's radio and magazine properties are leaders in their respective markets. However, there is continued weakness in the global economy that may cause a further decline in future advertising revenues.

M. Liquidity and capital resources

This discussion is based upon the Consolidated Statements of Income on page 50 and the Consolidated Statements of Cash Flows on page 51.

For many years, Rogers has invested in expanding and upgrading its networks and communications businesses, as well as in new communications service 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 fund these expenditures, interest expense has remained high and resulted in cash shortfalls.

Rogers' net loss for the year ended December 31, 2001, was $434.3 million compared to a net income of $141.4 million in the prior fiscal year ended December 31, 2000. This $575.7 million decrease in 2001 is reconciled as follows:

	($ millions of dollars)
Increase in operating income before cable system integration, workforce reduction and At Home termination costs	$ 34.8
Increase in cable system integration, workforce reduction and At Home termination costs	(62.9)
Increase in depreciation and amortization	(190.1)
Increase in interest expense	(70.7)
Increase in writedown of investments	(59.5)
Net proceeds received upon termination of Vidéotron merger agreement in 2000	(222.5)
Increase in losses from investments accounted for by the equity method	(78.9)
Increase in investment and other income	19.4
Increase in non-controlling interest	55.1
Other — net	(0.4)
	$ (575.7)

The $62.9 million increased expense for integration, workforce reduction and At Home termination costs is due mainly to one-time costs during 2001 of $44.0 million associated with the At Home termination and the $13.1 million for the Media workforce reduction. (See Note 11 to the Consolidated Financial Statements.) The $190.1 million increase in depreciation and amortization is mainly due to an increase in the fixed asset base during the year, of which a significant component is related to capital expenditures for the Cable network upgrades and Wireless' new GSM/GPRS network. As well, a change in the assumed useful lives of certain network equipment as a result of the introduction of new Wireless technology accounted for $20.8 million of the increase in depreciation expense. The $70.7 million increase in interest expense is due to the increase in debt during the year. The net $222.5 million proceeds received in 2000 upon termination of the Vidéotron merger agreement accounts for a significant portion of the year-over-year change in net income. (See Note 3(D) to the Consolidated Financial Statements.) The $78.9 million increase in losses from investments accounted for by the equity method is primarily related to the equity loss of the Toronto Blue Jays Baseball Club recorded in 2001. (See Note 6(A)(i) to the Consolidated Financial Statements.) The $55.1 million increase in non-controlling interest represents the Wireless minority shareholders' share of the increased net loss of Wireless in 2001.

Rogers' cash generated from operations before changes in working capital, which is calculated by adding back all non-cash items such as depreciation and amortization to net income, decreased to $470.5 million in 2001 from $770.8 million in 2000. This $300.3 million decrease in 2001 is mainly due to the $70.7 million increase in interest expense, the $62.9 million increase in integration, workforce reduction and At Home termination costs in 2001 and the receipt in 2000 of $222.5 million net proceeds from the termination of the Vidéotron merger agreement, partially offset by the increase in 2001 of $34.8 million in operating income before integration, workforce reduction and At Home termination costs and the increase of $19.4 million in investment and other income. Taking into account the changes in working capital for the 2001 year, cash generated from operations decreased by $336.8 million to $418.9 million compared to $755.7 million in the previous year.

In addition, Rogers raised the following funds during 2001: $911.7 million received from the net increase of long-term debt after financing costs, which is essentially composed of US$500 million Senior Secured Notes (C$770.4 million) issued by Wireless in May 2001 and the drawdown of bank debt by Media under its new bank credit facility, executed in August 2001, and by Wireless under its bank credit facility, which was amended in April 2001; $245.6 million received during the fourth quarter from the collateralized equity securities net of fees and expenses (see Note 10(B)(iii) of the Consolidated Financial Statements); $167.3 million received from the non-controlling shareholders of Wireless via subscriptions for Class B Restricted Voting shares of Wireless in its March 2001 equity rights offering; $69.7 million aggregate sale proceeds received from the sale of Bowdens Media Monitoring Limited and Rogers American Cablesystems Inc., which owns a cable system in Alaska; $27.9 million aggregate sale proceeds from the sale of 650,000 common shares of Liberate Technologies, Inc. and 970,000 common shares of Terayon Communications Systems, Inc. and $18.8 million proceeds received for the issuance of 1,480,606 Class B Non-Voting shares under Employee Share Purchase Plans and the exercise of employee stock options. In aggregate, the funds raised in 2001 totalled approximately $1,441.0 million. Including the $418.9 million of cash generated from operations after changes in working capital, the aggregate funds raised in 2001 totalled $1,859.9 million.

The funds used during 2001 totalled approximately $2,141.8 million, comprising the cash generated from operations of $418.9 million, the aggregate funds raised during the year of approximately $1,859.8 million and the utilization of $282.0 million of the $299.2 million cash on hand at the beginning of the year, which resulted in an ending cash position of $17.2 million.

These funds were used to: fund additions to fixed assets of $1,420.7 million; fund the cost of $396.8 million of wireless licences acquired in the Industry Canada spectrum auction including associated costs; acquire subsidiary companies, the cash component of which totalled $221.4 million; make other investments of $69.9 million; and make Preferred shares dividend payments and distributions on Convertible Preferred securities of $33.0 million.

The cash component of the acquisition of subsidiaries was composed of: the acquisition of Cable Atlantic Inc., for which the Company paid cash of $88.9 million, net of cash acquired, and issued 4,170,330 Class B Non-Voting shares for the remainder of the acquisition price; and the purchase of an additional 40% interest in Sportsnet, a Canadian regional sports TV specialty channel, for approximately $132.8 million, net of cash acquired.

The $69.9 million of other investments was composed primarily of $52.3 million contributed to the Toronto Blue Jays Baseball Club to finance a portion of its operating losses, with various investments accounting for the remaining $17.6 million.

Financing

All of Rogers' long-term financial instruments are described in the Notes to the Consolidated Financial Statements.

Rogers structures its borrowings generally on a stand-alone basis. Therefore, borrowings by each of its three principal operating groups are generally secured only by the assets of the respective entities within each operating group, and such instruments generally do not provide for guarantees or cross-collateralization or cross-defaults between groups. In 1997, Rogers provided a limited recourse guarantee of Cable's bank credit facility. Recourse under the guarantee was limited to the pledge of shares of Wireless or other marketable securities having a value of at least $200 million. As discussed below, subsequent to year-end, Cable entered into a new amended and restated bank credit facility and, upon cancellation of Cable's previous bank credit facility, the Rogers' guarantee and pledge of shares of Wireless were released.

In March 2001, Wireless commenced a Class B Restricted Voting share rights issue, which was completed in April 2001 for gross proceeds of $422.6 million. The Wireless rights issue was undertaken to fund the $396.8 million cost of acquiring licences in the Industry Canada spectrum auction. Rogers subscribed to approximately 60.4% of the rights issue and paid $255.3 million, with the non-controlling shareholders and, in particular, AWE funding the remaining portion of the rights issue for $167.3 million. As a result, Rogers' ownership in Wireless increased to 52.47%. (See Note 5 to the Consolidated Financial Statements.)

In April 2001, Wireless amended its bank credit facility to provide Wireless with a seven-year revolving credit facility of up to $700.0 million, which is scheduled to reduce by 20% on each of April 30, 2006 and April 30, 2007, with the remaining portion due at maturity on April 30, 2008. The bank credit facility is subject to an earlier maturity in certain circumstances. (See Note 9(B)(i) to the Consolidated Financial Statements.)

In May 2001, Wireless issued US$500.0 million (C$770.4 million) 9 5/8% Senior Secured Notes due 2011. (See Note 9(B)(v) to the Consolidated Financial Statements.)

In August 2001, Media entered into a new bank credit facility that provides a revolving credit facility of up to $500.0 million with no reduction until final maturity on September 30, 2006. (See Note 9(D) to the Consolidated Financial Statements.)

On October 23, 2001, Rogers received proceeds of approximately $248.9 million, which, less fees and expenses, resulted in net proceeds of $245.6 million from collateralized equity securities. These securities serve to monetize an additional portion of the accreted floor price of Rogers AT&T Canada deposit receipts after taking into account the preferred securities monetization completed in August 2000. (See Notes 6(B)(i) and 10(B)(ii) and (iii) to the Consolidated Financial Statements.)

Subsequent to year-end, effective January 31, 2002, Cable entered into a new amended restated bank credit facility that provides a revolving/reducing credit facility of up to $1.075 billion that matures in January 2, 2009. (See Note 21(A) to the Consolidated Financial Statements.)

Also subsequent to year-end, in February 2002, effective January 31, 2002, Cable issued $450.0 million 7.60% Senior Secured Notes due 2007. The net proceeds from this offering were used by Cable to prepay its $300.0 million floating rate notes due 2002, with the balance used to fund capital expenditures and for general corporate purposes. (See Note 21(B) to the Consolidated Financial Statements.)

Rogers' consolidated long-term debt totalled $4.99 billion at December 31, 2001, an increase of $1.03 billion compared to December 31, 2000. This $1.03 billion increase reflects Wireless' issuance of US$500.0 million (C$770.4 million) Senior Secured Notes, the drawdown of bank credit facilities of $52.0 million by Wireless and $126.0 million by Media, a $10 million increase in accreted interest on Rogers' Convertible Debentures due 2005, a net decrease of $1.7 million in mortgage and capital leases and a $76.0 million increase in the Canadian dollar equivalent of unhedged U.S. dollar denominated debt. At December 31, 2001, Rogers' long-term committed bank credit facilities provided for aggregate credit facilities of over $1.5 billion, of which approximately $178.0 million was drawdown. Generally, access to these credit facilities is subject to compliance within certain debt to operating profit ratios, and at December 31, 2001, based upon the most restrictive covenants under the bank credit facilities and public debt instruments, Rogers could have borrowed additional long-term debt in the amount of $1.28 billion.

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 (based upon certain ratios of debt to operating profit), 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 and Rogers expects all covenants to remain in compliance. (See Note 9 to the Consolidated Financial Statements for details of the specific debt instruments.) On December 31, 2001, a total of $605.9 million could have been distributed to Rogers Corporate from Cable and Media via the repayment of unsecured subordinated intercompany notes.

Rogers' required repayments on all long-term debt in the next five years totals $1.63 billion, of which $116.4 million is for the repayment of Cable's 9⅝% Senior Notes due 2002, $300.0 million is for repayment of Cable's floating rate notes due 2002 (which were repaid in February 2002 with a portion of the proceeds of Cable's $450.0 million 7.60% Senior Secured Notes, issuance due 2007), $412.9 million is for repayment of Cable's 10% Senior Secured Notes due 2005, $311.7 million is for repayment of Rogers' 5¾% Convertible Debentures due 2005, $162.0 million is for repayment of Rogers' 9⅛% and 10½% Senior Notes due 2006, $160.0 million is for the repayment of Wireless' 10½% Senior Secured Notes due 2006, $22.0 million is for the repayment of a mortgage due 2006 and $126.0 million is for the repayment of outstanding bank debt of Media in 2006. There are no substantive principal repayments due in 2003 or 2004.

In 2002, compared to 2001, Rogers expects consolidated capital expenditures to decrease to approximately $1.25 billion and interest expense to increase. While Rogers expects operating profit to increase in 2002, Rogers also expects a net cash shortfall in 2002. In addition, Rogers expects that there will be a net cash shortfall in 2003. Rogers believes that these expected cash shortfalls will be satisfied, taking into account cash from operations and amounts available to be borrowed under bank credit facilities and discussed below.

Rogers believes that Wireless will have a net cash shortfall in 2002 and 2003 but that Wireless will have sufficient capital resources to satisfy its cash funding requirements in 2002 and 2003, taking into account cash from operations and the amount that will be available to be borrowed under its $700.0 million amended bank credit facility.

Rogers believes that Cable will have a net cash shortfall in 2002 and 2003 but that Cable will have sufficient capital resources to satisfy its cash funding requirements in 2002 and 2003, taking into account cash from operations, the amount that will be available under its $1.075 billion new bank credit facility (established in January 2002) and the net proceeds from Cable's issuance in February 2002 of $450.0 million 7.60% Senior Secured Notes due 2007, of which a portion was used in February to repay Cable's $300.0 million floating rate notes due 2002.

Rogers believes that Media will have a net cash shortfall in 2002 and may have a net cash shortfall in 2003. Rogers believes that Media will have sufficient capital resources to satisfy its cash funding requirements in 2002 and 2003, taking into account cash from operations and the amount that will be available to be borrowed under its $500.0 million bank credit facility.

Rogers believes that, on an unconsolidated basis, it will have, taking into account interest income and repayments of intercompany advances together with the receipt of management fees paid by the operating subsidiaries and proceeds from the sale of non-core assets and investments and cash on hand, sufficient capital resources to satisfy its cash funding requirements in 2002 and 2003.

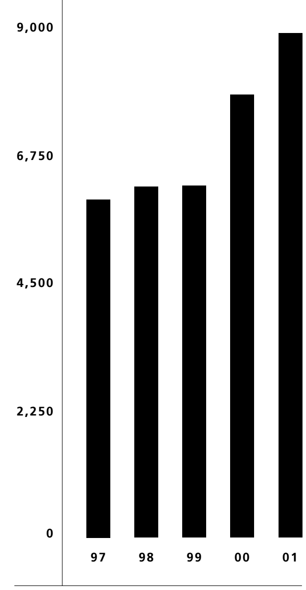
In the event that Rogers or any of its operating subsidiaries do require additional funding, Rogers believes that any such funding requirements would be satisfied by issuing additional debt financing, which may include the restructuring of existing bank credit facilities and/or issuing public or private debt at any of the operating subsidiaries or at Rogers and/or issuing equity of Rogers and/or of Wireless, all depending on market conditions. In addition, Rogers and/or its subsidiaries may refinance a portion of existing debt subject to market conditions and other factors.

Interest rate and foreign exchange management

Rogers uses derivative financial instruments to manage risks from fluctuations in foreign exchange rates and interest rates. These instruments include interest rate and cross-currency exchange agreements and, from time to time, foreign exchange option agreements and foreign exchange forward contracts. All such agreements are used for risk management purposes only and are designated to hedge specific debt instruments. In order to minimize the risk of counterparty default under these agreements, Rogers assesses the creditworthiness of its counterparties. At December 31, 2001, all of Rogers' counterparties in these agreements are financial institutions with a Standard & Poor's rating (or other equivalent) ranging from A+ to AA.

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. Rogers has established a target of hedging at least 50% of its foreign exchange exposure through the use of hedging instruments outlined above. At December 31, 2001, Rogers had U.S. dollar-denominated long-term debt of US$2,615.1 million (2000 – US$2,111.2 million). At December 31, 2001, US$1,789.6 million (2000 – US$1,289.6 million) or 68.4% (2000 – 61.1%) is hedged with cross-currency interest rate exchange agreements at an average exchange rate of C$1.3755 (2000 – C$1.3114) to US$1.00. The increase in Rogers' hedged position in 2001 was due to hedging 100% of the foreign exchange rate exposure caused by Wireless' issuance of US$500.0 million Senior Secured Notes, by entering into several cross-currency interest rate exchange agreements.

Total Assets
($ in millions)



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

The cross-currency interest rate exchange agreements have the effect of converting the interest rate on US$943.5 million of long-term debt from an average U.S. dollar fixed interest rate of 9.60% per annum to an average Canadian dollar fixed interest rate of 10.20% per annum on $1,384.4 million; and converting the interest rate on US$846.0 million 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' acceptances rate plus 3.20% per annum, which totalled 5.44% on $1,077.2 million at December 31, 2001. The Company also assumed an interest rate exchange agreement upon an acquisition during 2001. This interest rate exchange agreement has the effect of converting $30.0 million of floating rate obligations of the Company to a fixed interest rate of 7.72% per annum.

The total long-term debt at fixed interest rates at December 31, 2001, was $3,465.2 million (2000 — $2,626.7 million) or 69.4% (2000 — 66.4%) of total long-term debt. The increase in the percentage of long-term debt at fixed rates in 2001 was mainly due to Wireless' issuance of US$500.0 million 9⁵/₈% Senior Secured Notes.

Historically, Rogers has targeted to maintain fixed interest rates on at least 80% of its outstanding long-term debt. However, since 1999, Rogers has had less than 80% of its total long-term debt at fixed rates. This decrease was caused by the repurchase of US$860.6 million of fixed rate debt in 1999 and the subsequent incurrence of additional floating rate debt, the most significant portion of which was the issuance by Cable in 2000 of $300.0 million floating rate notes due 2002. Rogers anticipates decreasing its exposure to floating interest rates over time, depending on market conditions. In February 2002, Cable issued $450.0 million 7.60% Senior Secured Notes due 2006 and used a portion of the proceeds to repay its $300.0 million floating rates notes.

Rogers' effective weighted average interest rate on all long-term debt as at December 31, 2001, including the effect of the interest exchange agreements and cross-currency interest rate exchange agreements, was 8.04% (2000 — 9.11%).

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 the principal carrying amount of debt, interest expense and earnings per share, based on a full year impact.

Change in C$ versus US$[1]	Change in debt principal amounts ($ millions)	Change in interest expense ($ millions)	Earnings per share[2]
$0.01	$ 8.3	$ 0.7	$ 0.043
$0.03	24.8	2.0	0.128
$0.05	41.3	3.4	0.213
$0.10	82.5	6.8	0.426

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

2 Assumes no income tax effect and the full recognition of foreign exchange gains or losses in the income statement for the period under or pursuant to the new Canadian GAAP commencing January 1, 2002 (see below) based on the number of shares outstanding as at December 31, 2001.

Rogers' US$2.62 billion of U.S. dollar-denominated long-term debt 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 and the percentage of its exposure by business unit that has been hedged as at December 31, 2001.

Business unit	U.S. dollar debt ($ millions)	% hedged
Wireless	$ 1,399.2	71.1
Cable	760.2	97.7
Rogers Corporate[1]	455.7	11.0
Total	$ 2,615.1	68.4

1 The percent hedged of the U.S. dollar debt of Rogers Corporate, excluding U.S. dollar-denominated convertible debt of US$195.7 million due 2005 at December 31, 2001, is 19.2%.

N. Significant accounting policies

The Consolidated Financial Statements are prepared under Canadian GAAP. A description of the accounting policies is provided in Note 1 to the Consolidated Financial Statements. A summary of the impact on the Consolidated Financial Statements, had they been prepared under U.S. GAAP, is provided in Note 20 to the Consolidated Financial Statements.

Accounting policy changes in 2001

Refer to Note 20(R) in the Consolidated Financial Statements on "Recent United States accounting pronouncements."

Revenue

During 2001, Wireless revised its policy for the presentation of roaming revenue and expenses in accordance with recent accounting guidance and industry practice. Prior to 2001, the costs associated with subscribers completing calls outside of Wireless' network were netted against revenue. These costs are now reported as operating expenses and roaming revenue is presented on a gross basis. Revenue for the years ended December 31, 2001 and 2000, has been increased by approximately $109.4 million and $107.0 million, respectively, and operating expenses have been increased by the same amount. Postpaid and blended ARPU has been increased by $4.27 and $3.36, respectively, for the year ended December 31, 2001, and $4.59 and $3.89, respectively, for the year ended December 31, 2000. Operating profit for both periods is unaffected by the change.

Earnings per share

The adoption of the new Canadian GAAP standards on earnings per share to utilize the treasury stock method for calculating diluted earnings per share reduced fully diluted earnings per share as previously stated for 2000 from $0.44 to $0.42.

O. Future impact of recent accounting pronouncements

Business combinations, goodwill and other intangible assets

In 2001, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1581, "Business Combinations", and Section 3062, "Goodwill and Other Intangible Assets". These new standards require the purchase method of accounting to be used for all business combinations initiated on or after July 1, 2001. These new standards also establish new criteria for identifying and measuring intangible assets acquired in business combinations that are recorded and reported apart from goodwill. Goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead are tested for impairment at least annually, by comparing their fair values with their book values. The new standards do not change the accounting for intangible assets with determinable lives, so these continue to be amortized over their estimated useful lives, and tested for impairment by comparing their book values with the undiscounted cash flow expected to be received from their use. (See Note 1(P)(i) of the Consolidated Financial Statements.)

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001, is not amortized. In addition, the criteria for recognition of intangible assets apart from goodwill and the valuation of the shares issued in a business combination apply to business combinations completed after June 30, 2001.

Upon adoption of the standards beginning January 1, 2002, the Company will discontinue amortization of all existing goodwill, evaluate existing intangible assets and make any necessary reclassifications in order to conform with the new criteria for recognition of intangible assets apart from goodwill and test for impairment in accordance with the new standards. If the Company determines that it has any intangible assets having indefinite lives under the new standards, such intangible assets will be tested for impairment within the first interim reporting period by comparing their fair values with their book values. Any impairment losses will be recorded as a charge to opening retained earnings in 2002, without restatement of prior period financial statements.

If goodwill continues to be reported under the new standards, this goodwill will be tested to determine if there is any indication that this goodwill is impaired. To accomplish this, the Company will identify its "reporting units" and determine the book value of each reporting unit by assigning assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. The Company then has until June 30, 2002, to calculate the fair value of each reporting unit and compare it to the reporting unit's book value. If the reporting unit's book value exceeds its fair value, the Company will be required to perform the second step of the transitional impairment test, by calculating the "implied fair value" of the reporting unit's goodwill and comparing it to the book value of the goodwill. Any shortfall of the implied fair value of the goodwill compared to its book value will be recognized as an effect of a change in accounting policy and will be charged to opening retained earnings for 2002, without restatement of prior periods.

As of December 31, 2001, the Company has unamortized goodwill of approximately $1,710 million and unamortized intangible assets of approximately $400 million, all of which are subject to the transitional provisions of Sections 1581 and 3062. Amortization expense related to goodwill was approximately $69 million for 2001. The Company has not determined the impact of adopting these standards in its financial statements, including whether it will be required to recognize any identifiable intangible assets apart from goodwill or any transitional impairment losses.

Foreign currency translation and hedging relationships

The CICA amended CICA Handbook Section 1650, "Foreign Currency Translation", to eliminate the deferral and amortization of foreign currency translation gains and losses on long-lived monetary items effective January 1, 2002. (See Note 1(P)(iii) of the Consolidated Financial Statements.)

At December 31, 2001, the Company had approximately $150.3 million of unamortized foreign exchange losses within deferred charges on its balance sheet that will be affected by this change. On adoption of the section, the Company's deferred charges will be reduced by approximately $150.3 million with a corresponding reduction in opening retained earnings as of January 1, 2002. In addition, the selection will require restatement of prior periods. Accordingly, for the purposes of comparative figures in 2002, the Company's loss for the year ended December 31, 2001, will be increased by approximately $49.1 million ($0.24 per share). The CICA also approved "Accounting Guideline AcG-13", which establishes the criteria for identification and documentation of hedging relationships, effective for the Company's 2003 fiscal year. The Company plans to comply with the requirements of AcG-13, such that all of its current hedges will continue to qualify for hedge accounting when the guideline becomes effective.

Stock-based compensation and other stock-based payments

The CICA issued Section 3870, Stock-Based Compensation and Other Stock-Based Payments, which establishes the standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The Company's current accounting policies are consistent with the new standard. (See Note 1(P)(ii) of the Consolidated Financial Statements.)

P. 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: "Sales and marketing — Wireless", which describes plans and objectives for Wireless' sales as well as consolidated capital expenditures for 2002 and "Financing", which describes certain anticipated results and liquidity for 2002 and beyond. The Company cautions that the actual future performance will be affected by a number of factors, including, without limitations, technological change, which may impact the Company's capital expenditures and results of operations; regulatory change, which may affect the Company's competitive strategy; the general health of the economy which may impact demand for the Company's products and services; and competitive factors which may alter the timing and amount of the Company's capital expenditures and the demand or prices for its products and services — 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) C$

Years ended December 31		First quarter	Second quarter	Third quarter	Fourth quarter	Total year
2001	High	$ 30.25	$ 26.50	$ 27.50	$ 28.00	$ 30.25
	Low	$ 20.50	$ 18.50	$ 19.00	$ 19.56	$ 18.50
	Close	$ 23.50	$ 23.00	$ 20.31	$ 27.95	$ 27.95
	Volume (000s)	442	476	124	188	1,229
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
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

Share price and trading volume — the Toronto Stock Exchange (RCI.B Non-Voting shares) C$

Years ended December 31		First quarter	Second quarter	Third quarter	Fourth quarter	Total year
2001	High	$ 30.15	$ 25.25	$ 27.35	$ 27.70	$ 30.15
	Low	$ 20.25	$ 17.75	$ 17.27	$ 19.25	$ 17.27
	Close	$ 23.40	$ 22.66	$ 20.20	$ 27.12	$ 27.12
	Volume (000s)	50,544	67,530	52,914	47,743	218,731
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
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

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

Years ended December 31		First quarter	Second quarter	Third quarter	Fourth quarter	Total year
2001	High	$ 20.18	$ 16.58	$ 17.82	$ 17.35	$ 20.18
	Low	$ 12.86	$ 11.50	$ 11.00	$ 12.25	$ 11.00
	Close	$ 14.84	$ 15.15	$ 12.85	$ 16.80	$ 16.80
	Volume (000s)	8,790	6,976	5,156	5,649	26,571
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
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

subscriber statistics

Key Cable statistics[1]

Years ended December 31	2001	2000	1999	1998	1997
Homes in licensed area	2,993,500	2,871,000	2,822,900	2,789,800	2,778,200
Homes passed by cable	2,981,500	2,859,600	2,811,600	2,778,700	2,767,000
Basic cable subscribers	2,286,400	2,219,400	2,236,200	2,237,200	2,243,700
Basic to homes passed	76.7%	77.6%	79.5%	80.5%	81.1%
Tier to basic	84.2%	85.7%	86.9%	88.2%	88.8%
Digital households	272,100	172,100	45,200	0	0
Digital set-top terminals deployed	314,100	201,100	53,600	0	0
Average monthly cable revenue per subscriber[1]	$ 38	$ 36	$ 34	$ 32	$ 30
High-speed Internet subscribers	478,800	312,300	185,700	54,200	11,900

Cable system clustering

Breakdown at December 31, 2001	Basic subscribers	% of subscribers
Ontario		
Greater Toronto Area	1,428,400	62.5%
Ottawa	249,500	10.9%
Other Ontario	358,200	15.7%
Total	2,036,100	89.1%
Atlantic		
(New Brunswick and Newfoundland)	250,300	10.9%
Grand total	2,286,400	100.0%

Key Wireless statistics

Years ended December 31	2001	2000	1999	1998	1997
Wireless voice subscribers	2,991,800	2,526,400	2,153,100	1,737,600	1,552,100
Wireless voice subscribers to population served	10.4%	8.8%	7.6%	6.2%	5.6%
Average monthly revenue per wireless voice subscriber[2,3]	$ 47	$ 50	$ 52	$ 56	$ 61
Switches	20	20	20	20	19
Cell sites	2,117	1,884	1,667	1,584	1,462
Data and messaging subscribers[5]	427,000	444,000	452,000	256,400	253,600
Total Wireless Statistics[6]					
Cost of subscriber acquisition per gross addition including retention and residual costs	$ 368	$ 387	$ 366	$ 525	$ 623
Average monthly operating expense per subscriber[2,4]	$ 18	$ 17	$ 17	$ 18	$ 20

1 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.

2 Based on a 13-point average.

3 Wireless voice statistics and average revenue per subscriber includes core and prepaid.

4 Before sales and marketing expenses.

5 Includes Shaw subscribers acquired November 8, 1999.

6 Total Wireless statistics include wireless voice, messaging and data subscribers.

ten-year financial summary

(In thousands of dollars, except per share amounts) Years ended December 31	2001	2000	1999
Income and Cash Flow			
Revenue			
Cable	$ 1,433,029	$ 1,291,161	$ 1,148,519
Wireless[1]	1,753,145	1,639,104	1,418,579
Media	721,710	681,023	607,604
Corporate/Telecom	4,772	—	—
Total revenue	3,912,656	3,611,288	3,174,702
Operating profit[2]			
Cable	516,805	457,777	411,205
Wireless	411,945	410,924	422,328
Media	68,306	77,390	77,252
Telecom	—	—	—
Corporate	(44,535)	(28,366)	(16,957)
Total operating profit	952,521	917,725	893,828
Net income (loss)	$ (434,291)	$ 141,442	$ 864,721
Cash flow from operations[3]	$ 470,471	$ 770,781	$ 495,200
Capital expenditures	$ 1,420,747	$ 1,212,734	$ 832,423
Average Class A and Class B shares outstanding (000s)	208,644	203,761	189,805
Per Share			
Net income (loss)	$ (2.41)	$ 0.44	$ 4.41
Cash flow from operations[3]	$ 2.25	$ 3.78	$ 2.61
Balance Sheet			
Assets			
Fixed assets	$ 4,717,731	$ 4,047,329	$ 3,539,160
Goodwill and other intangible assets	2,109,935	1,573,923	1,349,552
Investments	1,047,888	972,648	554,241
Other assets	1,085,154	1,272,395	808,565
	$ 8,960,708	$ 7,866,295	$ 6,251,518
Liabilities and shareholders' equity (deficiency)			
Long-term debt	$ 4,990,357	$ 3,957,662	$ 3,594,966
Accounts payable and other liabilities	1,192,165	1,232,463	1,016,754
Future income taxes	137,189	145,560	138,803
Non-controlling interest	224,823	114,432	149,278
Shareholders' equity (deficiency)	2,416,174	2,416,178	1,351,717
	$ 8,960,708	$ 7,866,295	$ 6,251,518

1 Wireless revenue has been restated to record gross roaming revenue. Subscriber roaming expenses are now reported as operating expenses. Previously these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue.

2 Operating profit is defined as operating income before interest, income taxes, depreciation, amortization, non-recurring items (in 2001 being cable system integration, workforce reduction and At Home termination costs) and other non-operating and non-recurring items.

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

1998	1997	1996	1995	1994	1993	1992
$ 1,027,037	$ 944,820	$ 953,278	$ 905,662	$ 827,451	$ 581,157	$ 509,405
1,287,574	1,279,895	1,139,407	924,674	771,099	622,768	528,949
538,164	452,930	387,828	367,133	286,518	137,315	137,538
31,103	56,243	38,993	23,727	15,360	12,392	8,507
2,883,878	2,733,888	2,519,506	2,221,196	1,900,428	1,353,632	1,184,399
398,689	361,046	322,734	339,729	367,951	246,981	196,429
395,142	395,661	351,145	315,642	289,921	198,648	129,452
65,705	54,076	35,062	33,417	23,655	14,725	17,108
12,659	24,527	14,101	12,095	7,839	5,303	3,143
(17,096)	(21,198)	(18,748)	(22,536)	(18,852)	(16,164)	(14,518)
855,099	814,112	704,294	678,347	670,514	449,493	331,614
$ 623,558	$ (551,208)	$ (279,780)	$ (295,810)	$ (187,613)	$ (298,549)	$ (192,317)
$ 304,974	$ 356,075	$ 258,688	$ 276,498	$ 335,022	$ 180,069	$ 111,240
$ 658,479	$ 979,922	$ 945,098	$ 579,692	$ 406,762	$ 317,537	$ 411,047
178,580	178,226	178,080	177,614	172,767	160,696	152,784
$ 3.33	$ (3.24)	$ (1.73)	$ (1.85)	$ (1.27)	$ (1.96)	$ (1.38)
$ 1.72	$ 2.00	$ 1.44	$ 1.56	$ 1.94	$ 1.12	$ 0.73
$ 3,234,634	$ 3,298,994	$ 2,870,249	$ 2,622,318	$ 2,380,114	$ 1,900,932	$ 1,835,005
1,382,050	1,424,261	1,449,176	1,792,079	1,819,999	745,087	832,010
674,615	449,768	429,052	224,547	513,498	549,601	516,001
942,730	834,379	1,137,978	1,023,567	1,301,019	680,860	829,085
$ 6,234,029	$ 6,007,402	$ 5,886,455	$ 5,662,511	$ 6,014,630	$ 3,876,480	$ 4,012,101
$ 5,254,044	$ 5,583,353	$ 4,922,716	$ 4,360,470	$ 4,174,922	$ 2,773,721	$ 2,696,286
1,059,897	953,824	824,771	820,225	851,749	443,703	423,330
112,437	127,261	221,388	266,986	283,391	168,974	277,369
—	—	—	71,323	67,794	—	18,862
(192,349)	(657,036)	(82,420)	143,507	636,774	490,082	596,254
$ 6,234,029	$ 6,007,402	$ 5,886,455	$ 5,662,511	$ 6,014,630	$ 3,876,480	$ 4,012,101

quarterly information 2001

(In thousands of dollars, except per share amounts)	Dec. 31	Sept. 30	June 30	Mar. 31
Income Statement				
Revenue				
Cable	$ 371,837	$ 360,645	$ 353,621	$ 346,926
Wireless[1]	455,329	454,994	438,730	404,092
Media	212,237	164,225	186,835	158,413
Corporate and eliminations	22	804	475	3,471
	1,039,425	980,668	979,661	912,902
Operating profit[2]				
Cable	132,736	130,277	128,681	125,111
Wireless	91,488	123,843	102,729	93,885
Media	25,416	12,382	28,122	2,386
Corporate	(8,866)	(8,732)	(10,231)	(16,706)
	240,774	257,770	249,301	204,676
Cable system integration, workforce reduction and At Home termination costs	57,052	500	6,165	9,797
Depreciation and amortization	253,063	223,113	226,083	218,658
Operating income	(69,341)	34,157	17,053	(23,779)
Interest expense	(119,864)	(108,391)	(103,417)	(98,639)
Other income (expense)	7,798	(5,422)	(24,407)	2,315
Income taxes	(25,842)	(2,767)	(7,670)	(6,771)
Minority interest	31,021	13,762	22,131	22,938
Net income (loss) for the period	(176,228)	(57,817)	(96,310)	(103,936)
Net income (loss) per share — Basic	$ (0.90)	$ (0.37)	$ (0.56)	$ (0.58)
Operating profit margin %[2]				
Cable	35.7	36.1	36.4	36.1
Wireless	20.1	27.2	23.4	23.2
Media	12.0	7.5	15.1	1.5
Consolidated	23.2	26.3	25.4	22.4
Other Statistics				
Cash flow from operations[3]	$ 80,627	$ 146,778	$ 144,199	$ 98,867
Capital expenditures	$ 405,101	$ 328,403	$ 370,417	$ 316,826

1 Wireless revenue is restated to record gross roaming revenue. Subscriber roaming expenses are now reported as operating expenses. Previously these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue. As a result, revenue and expense for the 2001 quarters ending March 31, June 30, September 30 and December 31, have been increased by approximately $26.4 million, $28.2 million, $28.9 million and $25.9 million, respectively.

2 Operating profit is defined as operating income before interest, income taxes, depreciation, amortization, non-recurring items (cable system integration, workforce reduction and At Home termination costs) and other non-operating and non-recurring items.

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

quarterly information 2000

(In thousands of dollars, except per share amounts)	Dec. 31	Sept. 30	June 30	Mar. 31
Income Statement				
Revenue				
Cable	$ 337,074	$ 326,244	$ 317,475	$ 310,368
Wireless[1]	437,448	424,939	407,514	369,203
Media	199,829	156,846	175,727	148,621
Corporate and eliminations	—	—	—	—
	974,351	908,029	900,716	828,192
Operating profit[2]				
Cable	119,341	117,133	111,397	109,906
Wireless	72,391	122,265	114,873	101,395
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
Cable system integration, workforce reduction and At Home termination costs	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)	20,277	242,701	1,645	72,713
Income taxes	8,449	(55,344)	12,221	(12,788)
Minority 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 profit margin %[2]				
Cable	35.4	35.9	35.1	35.4
Wireless	16.5	28.8	28.2	27.5
Media	17.9	6.4	13.5	5.3
Consolidated	22.9	26.8	27.0	25.1
Other Statistics				
Cash flow from operations[3]	$ 125,769	$ 378,709	$ 147,000	$ 119,303
Capital expenditures	$ 409,449	$ 333,755	$ 252,352	$ 217,178

1 Wireless revenue restated to record gross roaming revenue. Subscriber roaming expenses are now reported as operating expenses. Previously these expenses and the associated revenue generated from such roaming services were netted against one another and recorded in revenue. As a result, revenue and expense for the 2000 quarters ending March 31, June 30, September 30 and December 31, have been increased by approximately $20.5 million, $29.0 million, $30.3 million and $27.2 million, respectively.

2 Operating profit is defined as income before interest, taxes, depreciation, amortization, non-recurring items (cable system integration, workforce reduction and At Home termination costs) and other non-operating and non-recurring items.

3 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	2001	2000
Revenue (Note 1(K))	$ 3,912,656	$ 3,611,288
Operating, general and administrative expenses (Note 1(K))	2,960,135	2,693,563
Operating income before the following	952,521	917,725
Cable system integration, workforce reduction and At Home termination costs (Note 11)	73,514	10,612
Depreciation and amortization	920,917	730,779
Operating income (loss)	(41,910)	176,334
Interest on long-term debt	430,311	359,612
	(472,221)	(183,278)
Gain on sale of subsidiaries (Note 3(C))	86,198	—
Gain on sale of investments (Note 6(C))	23,253	114,152
Writedown of investments (Note 6(D))	(61,200)	(1,680)
Proceeds received on termination of merger agreement, net (Note 3(D))	—	222,456
Losses from investments accounted for by the equity method	(81,630)	(2,716)
Investment and other income	24,507	5,124
Income (loss) before income taxes and non-controlling interest	(481,093)	154,058
Income taxes (Note 12):		
Current	15,062	14,935
Future	27,988	32,527
	43,050	47,462
Income (loss) before non-controlling interest	(524,143)	106,596
Non-controlling interest	89,852	34,846
Net income (loss)	$ (434,291)	$ 141,442
Earnings (loss) per share (notes 1(N) and 13):		
Basic	$ (2.41)	$ 0.44
Diluted	(2.41)	0.42

consolidated statements of deficit

(In thousands of dollars) Years ended December 31	2001	2000
Deficit, beginning of year:		
As previously reported	$ (63,041)	$ (33,919)
Adjustment related to change in accounting policy (note 2)	—	(126,591)
As restated	(63,041)	(160,510)
Net income (loss)	(434,291)	141,442
Dividends on Series B and Series E Preferred shares, and on the Class A Voting and Class B Non-Voting shares	(14)	(10,200)
Distribution on Convertible Preferred securities, net of income tax recovery of $14,388 (2000 — $14,388)	(18,612)	(18,612)
Accretion on Preferred securities, net of income tax recovery of $24,877 (2000 — $11,721)	(32,181)	(15,161)
Deficit, end of year	$ (548,139)	$ (63,041)

See accompanying Notes to Consolidated Financial Statements.

consolidated statements of cash flows

(In thousands of dollars) Years ended December 31	2001	2000
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ (434,291)	$ 141,442
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	920,917	730,779
Future income taxes	27,988	32,527
Non-controlling interest	(89,852)	(34,846)
Gain on sale of subsidiaries and other investments	(109,451)	(114,152)
Writedown of investments	61,200	1,680
Losses from investments accounted for by the equity method	81,630	2,716
Accrued interest due on repayment of certain notes	10,025	9,092
Dividends from associated companies	2,305	1,543
	470,471	770,781
Change in:		
Accounts receivable	21,211	(144,213)
Accounts payable and accrued liabilities and unearned revenue	(15,075)	137,079
Deferred charges	(21,763)	(12,148)
Other assets	(35,895)	4,200
	418,949	755,699
Financing activities:		
Issue of long-term debt	2,187,200	423,156
Repayment of long-term debt	(1,248,367)	(115,816)
Funds received from non-controlling shareholders	167,302	–
Financing costs incurred	(27,102)	(3,153)
Issue of equity instruments	245,632	925,265
Issue of capital stock	18,795	14,081
Dividends on Preferred shares and distribution on Convertible Preferred securities	(33,014)	(43,200)
	1,310,446	1,200,333
Investing activities:		
Additions to fixed assets	(1,420,747)	(1,212,734)
Acquisition of spectrum licences	(396,824)	–
Proceeds on sale of subsidiaries	69,691	–
Proceeds on sale of investments	27,848	139,300
Proceeds from cable systems exchange	–	46,709
Investment in Cogeco Inc. and Cogeco Cable Inc. (note 6(B))	–	(307,985)
Acquisitions of subsidiary companies, net of cash acquired	(221,398)	(209,278)
Other investments	(69,915)	(126,830)
	(2,011,345)	(1,670,818)
Increase (decrease) in cash and cash equivalents	(281,950)	285,214
Cash and cash equivalents, beginning of year	299,151	13,937
Cash and cash equivalents, end of year	$ 17,201	$ 299,151
Supplemental cash flow information:		
Income taxes paid	$ 16,073	$ 11,621
Interest paid	394,765	352,348
Disclosure of non-cash transactions:		
Class B Non-Voting shares issued in consideration for acquisition of Cable Atlantic Inc.	$ 162,643	$ –
Accretion on Preferred securities	57,058	26,882
Class B Non-Voting shares issued on conversion of Series B and E Convertible Preferred shares	635	529
Convertible Debentures, due 2005 converted into Class B Non-Voting shares	–	90

Cash and cash equivalents 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	2001	2000
Assets		
Fixed assets (Note 4)	$ 4,717,731	$ 4,047,329
Goodwill and other intangible assets (Note 5)	2,109,935	1,573,923
Investments (Note 6)	1,047,888	972,648
Cash and short-term deposits	17,201	299,151
Accounts receivable, net of allowance for doubtful accounts of $63,424 (2000 — $66,296)	495,353	501,553
Deferred charges (Note 7)	300,838	235,824
Other assets (Note 8)	271,762	235,867
	$ 8,960,708	$ 7,866,295
Liabilities and Shareholders' Equity		
Liabilities:		
Long-term debt (Note 9)	$ 4,990,357	$ 3,957,662
Accounts payable and accrued liabilities	1,098,717	1,127,996
Unearned revenue	93,448	104,467
Future income taxes (Note 12)	137,189	145,560
	6,319,711	5,335,685
Non-controlling interest	224,823	114,432
Shareholders' equity (Note 10)	2,416,174	2,416,178
	$ 8,960,708	$ 7,866,295

Commitments (Note 18)
Contingencies (notes 3(A)(i) and 19)
Canadian and United States accounting policy differences (Note 20)
Subsequent events (Note 21)

See accompanying Notes to Consolidated Financial Statements.

On behalf of the Board:

Ted Rogers

Edward S. Rogers, O.C.
Director

H. Garfield Emerson, Q.C.
Director

auditors' report to the shareholders

We have audited the consolidated balance sheets of Rogers Communications Inc. as at December 31, 2001 and 2000 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, 2001 and 2000 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 changes in accounting policy relating to earnings per share (Note 1(N)) and in the method of reporting roaming revenue (Note 1(K)), and except for the changes in the method of accounting for goodwill (Note 1(D)), on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants
Toronto, Canada
February 5, 2002

Rogers Communications Inc. is a national communications company engaged in cable television, high-speed Internet access and video retailing through Rogers Cable Inc. ("Cable"), wireless digital and analog voice, messaging and data communications services through Rogers Wireless Communications Inc. ("Wireless"), and in radio and television broadcasting and television home shopping as well as publishing businesses through Rogers Media Inc. ("Media").

1. Significant accounting policies

A. Consolidation

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of Rogers Communications Inc. ("RCI") and its subsidiary companies (collectively the "Company"). Intercompany transactions and balances are eliminated on consolidation. When RCI's subsidiaries issue additional common shares to unrelated parties, RCI accounts for these issuances as if the Company had sold a portion of its interest in that subsidiary, and, accordingly records a gain or loss on dilution of the Company's interest.

Investments 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. Temporary investments are valued at the lower of average cost and market value for the portfolio of these securities as a whole.

B. Capitalization policy

Fixed assets are recorded at purchase cost. During construction of new assets, direct costs plus a portion of applicable 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	6⅔% to 10%
Distribution cable, subscriber drops and wireless network equipment	Straight line	6⅔% to 25%
Wireless network radio base station equipment	Straight line	12½% to 14⅓%
Computer equipment and software	Straight line	14⅓% to 33⅓%
Customer equipment	Straight line	20% to 33⅓%
Leasehold improvements	Straight line	Over term of lease
Other equipment	Mainly diminishing balance	20% to 33⅓%

As a result of the introduction of new wireless network technology in 2001, the Company changed the estimated useful lives of certain network equipment effective January 1, 2001. As a result, depreciation expense in 2001 increased by $20,800,000.

D. Goodwill and other intangible assets

Goodwill acquired prior to July 1, 2001 and subscribers and licences are amortized over periods of up to 40 years on a straight-line basis from the dates of acquisition.

As at December 31, 2001, no amount of the cost of the spectrum licences has been amortized as the services utilizing the acquired spectrum were not commercially launched. The Company is presently reviewing the new accounting standards further described in Note 1(P)(i) to determine if the spectrum licences will be amortized in 2002, or if the spectrum licences meet the definition of an indefinite life intangible asset, in which case, the spectrum licences will not be amortized.

As further described in Note 1(P)(i), in accordance with new accounting standards introduced in 2001, goodwill acquired after July 1, 2001, is not amortized but is tested at least annually for impairment.

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 goodwill and intangible assets by comparing the carrying value to the undiscounted expected future cash flows. Based on its review in 2001, the Company does not believe that an impairment of the carrying value of goodwill or intangible assets has occurred.

E. Foreign exchange

Long-term debt denominated in U.S. 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. See Note 1(P)(iii).

F. 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 products and businesses, related incremental costs are deferred and amortized on a straight-line basis over periods up to five years.

G. Inventories

Inventories are recorded at the lower of cost, on a first-in, first-out basis, and net realizable value.

H. Pension benefits

The Company accrues its pension plan obligations as employees render the services necessary to earn the pension. The Company uses the current settlement discount rate to measure the accrued pension benefit obligation and 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 exceed 10% of the greater of accrued pension benefit obligation and the value of the plan assets. The adoption of this policy on a prospective basis as of January 1, 2000 resulted in a transition asset arising from a change in methodology in computing pension asset limits, which is being amortized over 10.2 years, being the average remaining service life of the employees.

The Company uses the following methods:

i. The cost of pensions is actuarially determined using the projected benefit method pro-rated 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.

I. Income taxes

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 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.

J. 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 value. If the related debt instrument that was hedged 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.

K. 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 bundled wireless services and equipment, cable services, equipment rental 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.

Effective January 1, 2001, the Company retroactively changed the income statement characterization of expenses incurred by the Company for the provisioning of wireless communications services to subscribers when they travel outside Canada, commonly referred to as "roaming", in accordance with industry practice and recent accounting guidance. Subscriber roaming expenses are now reported as operating expenses. Previously, these expenses and the associated revenue generated from such roaming services were netted against one another and recorded on a net basis in revenue. As a result, revenue for the years ended December 31, 2001 and 2000 have been increased by $109,379,000 and $107,041,000, respectively, and operating, general and administrative expenses have been increased by the same amount. Operating income for 2001 and 2000 is unaffected by the change.

L. Subscriber acquisition costs

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

M. 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 10(C).

N. Earnings per share

Effective January 1, 2001, the Company adopted the new accounting recommendations of The Canadian Institute of Chartered Accountants (the "CICA"), on "Earnings per Share" on a retroactive basis. The new standard requires the use of the treasury stock method for calculating diluted earnings per share consistent with United States generally accepted accounting principles. The adoption of this standard reduced fully diluted earnings per share as previously stated for 2000 from $0.44 to $0.42 per share.

O. 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.

P. Recent Canadian accounting pronouncements

i. Business combinations and goodwill

In 2001, the CICA approved Handbook Sections 1581, "Business Combinations", and 3062, "Goodwill and Other Intangible Assets". The new standards mandate the purchase method of accounting for business combinations initiated on or after July 1, 2001. These new standards also establish criteria for identifying and measuring intangible assets acquired in business combinations that are recorded and reported apart from goodwill. Goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead are tested for impairment at least annually by comparing their fair values with their book values. The new standards do not change the accounting for intangible assets with determinable lives, so they continue to be amortized over their estimated useful lives and tested for impairment by comparing their book values with the undiscounted cash flow expected to be received from their use. The new standards are substantially consistent with United States GAAP.

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001 is not amortized. In addition, the criteria for recognition of intangible assets apart from goodwill and the valuation of the shares issued in a business combination apply to business combinations completed after June 30, 2001.

Upon adoption of the standards beginning January 1, 2002, the Company will discontinue amortization of all existing goodwill, evaluate existing intangible assets and make any necessary reclassifications in order to conform with the new criteria for recognition of intangible assets apart from goodwill, and test for impairment in accordance with the new standards. If the Company determines that it has any intangible assets having indefinite lives under the new standards, such intangible assets will be tested for impairment within the first interim reporting period by comparing their fair values with their book values. Any impairment losses will be recorded as a charge to the opening deficit in 2002, without restatement of prior period financial statements.

If goodwill continues to be reported under the new standards, this goodwill will be tested to determine if there is any indication that this goodwill is impaired. To accomplish this, the Company will identify its “reporting units” and determine the book value of each reporting unit by assigning assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. The Company then has until June 30, 2002, to calculate the fair value of each reporting unit and compare it to the reporting unit’s book value. If the reporting unit’s book value exceeds its fair value, the Company will be required to perform the second step of the transitional impairment test, by calculating the “implied fair value” of the reporting unit’s goodwill, and comparing it to the book value of the goodwill. Any shortfall of the implied fair value of the goodwill compared to its book value will be recognized as an effect of a change in accounting policy and will be charged to the opening deficit for 2002, without restatement of prior periods.

As of December 31, 2001, the Company has unamortized goodwill of approximately $1,710,000,000 and unamortized intangible assets of approximately $400,000,000, all of which are subject to the transitional provisions of Sections 1581 and 3062. Amortization expense related to goodwill was approximately $69,100,000 for 2001. The Company has not determined the impact of adopting these standards in its financial statements, including whether it will be required to recognize any identifiable intangible assets apart from goodwill or any transitional impairment losses.

ii. Stock-based compensation and other stock-based payments

In December 2001, the CICA issued Handbook Section 3870, which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that a fair-value-based method of accounting be applied to all stock-based payments to non-employees and to employee awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. However, the new standard permits the Company to continue its existing policy of recording no compensation cost on the grant of stock options to employees. Consideration paid by employees on the exercise of stock options is recorded as share capital. The standard is effective for the Company’s fiscal year beginning January 1, 2002, for awards granted on or after that date. The Company’s current accounting policies are consistent with the new standard.

iii. Foreign currency translation and hedging relationships

In 2001, the CICA amended Handbook Section 1650 (the “Section”) to eliminate the deferral and amortization of foreign currency translation gains and losses on long-lived monetary items, effective January 1, 2002. This amended Section is substantially consistent with U.S. GAAP. At December 31, 2001, the Company has approximately $150,327,000 of unamortized foreign exchange losses within deferred charges on its balance sheet that will be affected by this change. On adoption of the Section, the Company’s deferred charges will be reduced by approximately $150,327,000 with a corresponding reduction in the opening deficit as of January 1, 2002. In addition, the Section will require restatement of prior periods. Accordingly, for the purposes of comparative figures in 2002, the Company’s loss for the year ended December 31, 2001, will be increased by approximately $49,149,000 ($0.24 per share). The CICA also approved Accounting Guideline AcG-13, which establishes the criteria for identification and documentation of hedging relationships, effective for the

Company's 2003 fiscal year. The Company plans to comply with the requirements of AcG-13, such that all of its current hedges will continue to qualify for hedge accounting when the guideline becomes effective.

2. Business combinations — accounting changes

The Company uses the purchase method to account for all business combinations. Under the purchase method, the purchase price is allocated to the identifiable tangible and intangible assets and liabilities based on their fair values, and any excess of the purchase price over the sum of the fair values of the identified tangible and intangible assets and liabilities is an unallocated residual purchase price discrepancy accounted for as goodwill.

Prior to January 1, 2000, consistent with industry practice, the Company allocated the entire purchase price discrepancy in cable and wireless acquisitions to an identified intangible asset called "Subscribers and licences." No amount was allocated to goodwill at the date of acquisition.

Effective January 1, 2000, new accounting standards relating to accounting for income taxes caused the Company to focus more precisely on what intangible assets had been acquired in previous cable television and wireless acquisitions, as those new tax accounting standards have different implications for assets classified as goodwill from those classified as an identifiable intangible asset, such as Subscribers and licences. In addition, proposed new accounting standards for business combinations in Canada and the United States (Note 1(P)(i)), when adopted, provide further guidance on the characteristics and accounting for goodwill and other intangible assets acquired.

For the reasons noted in the preceding paragraph, during 2000 the Company re-evaluated the appropriateness of its practice of treating the entire purchase price discrepancy as Subscribers and licences without separate identification of the identifiable intangible assets acquired. Based on the specific characteristics of the Company's particular business acquisitions, the Company concluded that acquired Subscribers and licences each constituted separate identifiable intangible assets that should be measured at fair value at the date of acquisition. In the Company's opinion, an appropriate application of valuation techniques requires measurement of:

i. Subscribers, based on the subscribers in existence at the date of acquisition, the existing service area licensed to the acquired business and the existing services being provided by the acquired business, and

ii. Licences, based on the cost to apply to the regulator for those licences.

Any remaining unallocated residual purchase price discrepancy is accounted for as goodwill.

Accordingly, effective January 1, 2000, the Company re-allocated an amount to Subscribers based on the discounted cash flows expected to be generated from the acquired subscriber base over the estimated subscriber relationship period and re-allocated a nominal cost to Licences. Certain assumptions were used to determine the fair value allocated to Subscribers, the most sensitive of which included a discount rate applied to future cash flows equivalent to the Company's average cost of capital, projected revenue per existing subscriber based on a historical attrition rate for subscribers disconnecting from cable and wireless services, the amount of capital expenditures required to maintain the cable and wireless networks for delivery of existing service and an appropriate charge for recovery of the investment in the acquired businesses' net fixed assets. Any change in these assumptions could result in a different fair value allocated to Subscribers. The re-allocation of amounts separately to Subscribers and Licences resulted in unallocated residual purchase price discrepancy which has been accounted for as goodwill.

In 2001, the Accounting Standards Board of the CICA issued new accounting standards for business combinations and for goodwill and intangible assets. As discussed further in Note 1(P)(i), these new standards apply to business combinations completed after July 1, 2001, and to accounting for goodwill and other intangible assets effective January 1, 2002. Upon adoption of the new standards, the Company will evaluate its existing intangible assets and goodwill and make any necessary reclassifications in order to conform with the new criteria for recognizing and measuring intangible assets apart from goodwill. Very little guidance has been provided to date by accounting standard setters, and the criteria in the new standards are difficult to interpret, particularly in the cable television and wireless industries. The Company believes that the Emerging Issues Committee of the CICA may have to provide interpretations of these criteria, in order to get a high degree of uniform application of the new standards. The Company will follow any such interpretations in any financial statements presented, including any interpretation that would result in some or all of the Company's goodwill (as restated) being presented as an intangible asset apart from goodwill.

The impact of the retroactive re-allocation of amounts previously allocated to Subscribers and licences on "Subscribers and licences," and "Goodwill" effective January 1, 2000 is as follows:

(In thousands of dollars)

Subscribers and licences:	
As previously stated	$ 1,124,856
Re-allocation to goodwill	1,119,946
As restated	$ 4,910
Goodwill:	
As previously stated	$ 344,735
Re-allocation from Subscribers and licences	1,119,946
As restated	$ 1,464,681

In addition, in connection with this re-evaluation of the accounting for the Company's prior business combinations, the Company determined that it was necessary to revise its amortization policies to provide for: (a) straight-line amortization of Subscribers and licences over the estimated relationship period, and (b) straight-line amortization of goodwill over 40 years, instead of its prior method of amortizing Subscribers and licences using an increasing charge method over 40 years at a discount rate of 4% per annum. This change was applied retroactively in 2000 with a restatement of prior years' financial statements effective January 1, 2000 as follows:

(In thousands of dollars)

Increase (decrease):	
Consolidated balance sheet:	
Goodwill	$ (117,729)
Subscribers and licences	(2,310)
Future income taxes	6,552
Deficit	126,591

These changes resulted in the following effects on the consolidated statement of income for the year ended December 31, 2000:

(In thousands of dollars)

Increase (decrease):	
Consolidated statement of income:	
Depreciation and amortization	$ 11,108
Loss for the year	11,108
Earnings per share:	
Basic	(0.05)
Diluted	(0.04)

3. Acquisitions and divestitures

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

A. Acquisitions

i. 2001

Cable Atlantic Inc.

On February 7, 2001, the Company acquired 100% of the issued and outstanding shares of Cable Atlantic Inc. ("Cable Atlantic"), which has cable television systems serving approximately 75,000 basic subscribers in Newfoundland. As consideration for the purchase, the Company paid cash of $88,856,000, net of cash acquired, and issued 4,170,330 Class B Non-Voting shares with a value of $162,643,000. Additional Class B Non-Voting shares may be required to be issued to the vendor on February 7, 2003 if the quoted market value of the Company's Class B Non-Voting shares does not reach a weighted average price of $48.00 per share within two years of the closing date.

Sportsnet

On November 1, 2001, the Company purchased an additional 40% interest, which resulted in the Company obtaining control of CTV Sportsnet Inc. ("Sportsnet"), a Canadian sports TV specialty channel for a purchase price of $132,842,000, net of cash acquired. The Company also exercised an option for 10.1% of the voting shares of Sportsnet, acquired in 2000 for $14,000,000, to bring the ownership interest of Sportsnet to 80%.

ii. 2000

Medi-Fax B.V.

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.

Other

The Company also purchased certain periodicals, two media monitoring businesses, and 51% of the Toronto Phantoms football team, for cash, net of cash acquired, of $19,302,000.

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

(In thousands of dollars) 2001	Cable Atlantic	Sportsnet	Total
Fixed assets	$ 42,497	$ 394	$ 42,891
Goodwill	216,733	152,369	369,102
Other assets	10,546	7,727	18,273
	269,776	160,490	430,266
Accounts payable and accrued liabilities	15,400	10,440	25,840
Long-term debt assumed	—	3,208	3,208
Future income taxes	2,877	—	2,877
	18,277	13,648	31,925
Total consideration	$ 251,499	$ 146,842	$ 398,341
Consideration comprises:			
Cash, net of cash acquired	$ 88,856	$ 146,842	$ 235,698
Class B Non-Voting shares	162,643	—	162,643
	$ 251,499	$ 146,842	$ 398,341

2000	Medi-Fax	Other	Total
Fixed assets	$ 43	$ 371	$ 414
Goodwill	26,048	25,998	52,046
Other assets	1,296	1,893	3,189
	27,387	28,262	55,649
Accounts payable and accrued liabilities	1,309	8,960	10,269
Total consideration	$ 26,078	$ 19,302	$ 45,380
Cash consideration, net of cash acquired	$ 26,078	$ 19,302	$ 45,380

B. Cable systems exchange

In addition to acquisitions noted in 3(A), effective November 1, 2000, the Company entered into an agreement with Shaw Communications Inc. ("Shaw") to exchange certain cable television and Internet assets. The Company exchanged its existing cable and Internet assets in British Columbia, with approximately 623,000 basic cable subscribers, for Shaw's cable television and Internet assets in southern Ontario and New Brunswick, having approximately 601,000 basic cable subscribers. The cable systems exchange was recorded at book value, with Shaw to pay the Company approximately $3,300 per incremental basic cable subscriber gained in the exchange, plus, subject to certain adjustments, reimbursement of the working capital exchanged between the cable systems. No gain or loss was recorded in this exchange of assets, as the transaction was considered to be a non-monetary exchange of similar productive assets. Cash proceeds received from Shaw totalled $75,988,000, which included amounts for the incremental cable subscribers transferred in the exchange, interest, net working capital exchanged and sales taxes.

C. Gain on sale of subsidiaries

On November 19, 2001, the Company sold all of the shares of Rogers American Cablesystems, Inc. ("American Cablesystems"), a wholly owned subsidiary, to General Communication Inc. American Cablesystems' wholly owned subsidiary, Rogers Cablesystems of Alaska Inc., owns and operates cable systems in Alaska which, at the time of the sale, served approximately 7,400 basic cable subscribers. Total cash proceeds on the sale amounted to $29,366,000, subject to certain post-closing adjustments, which resulted in a gain on sale of $17,807,000 before income taxes.

In September 2001, the Company sold the shares of its wholly owned media monitoring business, Bowdens Media Monitoring Limited, for total cash proceeds of $40,325,000, which resulted in a gain on sale of $33,391,000 before income taxes.

During 2001, the Company determined that a provision for certain potential liabilities in the amount of $35,000,000, relating to the sale of a subsidiary in a previous year, was no longer required and, accordingly, recorded this amount in gain on sale of subsidiaries in the current year.

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 ltée. 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.

4. Fixed assets

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

(In thousands of dollars)	2001	2000
Land and buildings	$ 239,168	$ 209,793
Towers, head-ends and transmitters	483,012	318,524
Distribution cable and subscriber drops	2,738,109	2,368,422
Wireless network equipment	2,184,705	1,792,512
Wireless network radio base station equipment	1,211,161	1,085,340
Computer equipment and software	981,079	808,089
Customer equipment	504,480	346,441
Leasehold improvements	147,689	152,143
Other equipment	360,091	333,314
	8,849,494	7,414,578
Less accumulated depreciation and amortization	4,131,763	3,367,249
	$ 4,717,731	$ 4,047,329

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 2002 will be approximately $1.25 billion to $1.3 billion.

Depreciation expense for 2001 amounted to $781,678,000 (2000 — $647,876,000).

5. Goodwill and other intangible assets

(In thousands of dollars)	2001	2000
Goodwill	$ 2,086,719	$ 1,762,771
Spectrum licences	396,824	—
Subscribers and licences	5,200	5,200
Other intangible assets	—	119,926
	2,488,743	1,887,897
Less accumulated amortization	378,808	313,974
	$ 2,109,935	$ 1,573,923

In a spectrum auction conducted by Industry Canada in February 2001, the Company purchased 23 personal communications services licences of 10 megahertz ("MHz") each, in the 1.9 gigahertz ("GHz") band in various regions across Canada at a cost of $396,824,000, including costs of acquisition. These licences have a

10-year term, subject to renewal in 2011. At December 31, 2001, no amortization of the cost of the licences has been recorded, as the commercial launch of the services that utilized the spectrum had not commenced (Note 1(D)).

In March 2001, in association with Wireless' participation in the Industry Canada PCS spectrum auction, RCI subscribed to approximately 60.4% of Wireless' $422,602,000 Class B Restricted Voting share rights offering. RCI paid $255,300,000 for the Wireless Class B Restricted Voting share rights, with the non-controlling shareholders funding $167,302,000. This transaction increased the Company's ownership in Wireless to 52.47%, thereby increasing goodwill and non-controlling interest by $35,927,000.

Amortization of goodwill and other intangible assets for 2001 amounted to $72,118,000 (2000 — $36,044,000).

6. Investments

(In thousands of dollars)	Number	Description	2001 Quoted market value	2001 Book value	2000 Quoted market value	2000 Book value
Investments accounted for by the equity method						
Blue Jays				$ 183,986		$ —
Sportsnet				—		37,781
Other				16,872		12,337
				200,858		50,118
Investments recorded at cost, net of writedowns						
Publicly traded companies:						
Long-term investments:						
AT&T Canada (see Note 6(B)(i)) (“AT&T Canada”)	25,002,100	Class B deposit receipts	$ 1,204,351	450,104	$ 1,087,591	450,104
Cogeco Cable Inc. (“Cogeco Cable”)	4,253,800	Subordinate Voting Common	91,840	187,167	145,480	187,167
Cogeco Inc. (“Cogeco”)	2,724,800	Subordinate Voting Common	56,076	120,818	80,654	120,818
				758,089		758,089
Temporary investments:						
Liberate Technologies, Inc. (“Liberate”)	886,888 (2000 — 1,536,888)	Common	16,251	16,343	31,414	20,938
	200,000	Warrants	1,462	—	2,018	—
Terayon Communications Systems, Inc. (“Terayon”)	2,267,618 (2000 — 3,237,618)	Common	29,818	1	19,733	1
Other			16,362	15,681	22,048	34,489
				32,025		55,428
Private companies				56,916		109,013
				$ 1,047,888		$ 972,648

A. Investments accounted for by the equity method

i. Toronto Blue Jays Baseball Club

Effective December 31, 2000, the Company purchased an 80% interest in the Toronto Blue Jays Baseball Club ("Blue Jays") for cash of $163,898,000, net of cash acquired.

Effective April 1, 2001, Rogers Telecommunications Ltd. ("RTL"), a company controlled by the controlling shareholder of the Company, acquired the Class A Preferred shares of the subsidiary of RCI that owns the Blue Jays ("Blue Jays Holdco") for $30,000,000. These Class A Preferred shares are voting, redeemable for cash of $30,000,000 plus any accrued, unpaid dividends, at the option of Blue Jays Holdco at any time after September 14, 2004. Any such redemption requires the consent of a committee of the board of Blue Jays Holdco comprising directors that are not related to RTL, RTL's affiliates or its controlling shareholder and requires the prior written consent of the Board of Directors of the Company. These Class A Preferred shares may be acquired by the Company at its option at any time; however, the Company does not intend to exercise this option in the foreseeable future. The Class A Preferred shares pay cumulative dividends at a rate of 9.167% per annum. For periods up to July 31, 2004, Blue Jays Holdco may satisfy the cumulative dividends on its Class A Preferred shares in kind by transferring to RTL income tax loss carryforwards, having an agreed value equal to the amount of the dividends.

During 2001, the Company contributed $52,300,000 to the Blue Jays to finance a portion of its operating losses. It is the Company's intention to continue to finance cash requirements of the Blue Jays in 2002, which are expected to be approximately $55,000,000.

The Company has the option to acquire the minority interest in the Blue Jays at any time, and the minority interest owner has the right to require the Company to purchase its interest at any time after December 15, 2003, for approximately $45,000,000 (US$28,000,000), plus interest at 9% per annum from December 15, 2000. This obligation has been recorded as a liability by the Company.

As a result of the issuance of the Class A Preferred shares of Blue Jays Holdco to RTL, the Company no longer has voting control of the Blue Jays. Accordingly, effective April 1, 2001, the Company accounts for its investment in the Blue Jays using the equity method and the Blue Jays are no longer consolidated.

The 20% minority interest owner of the Blue Jays is not required to fund operating losses of the Blue Jays and, as a result, as required under GAAP, the Company has recorded 100% of the operating losses of the Blue Jays in 2001. During the period April 1 to December 31, 2001, the Company recorded equity losses of $82,600,000. The results of operations of the Blue Jays for the three months ended March 31, 2001, are consolidated in the statement of income of the Company.

Condensed consolidated financial information of Blue Jays Holdco, after giving pro forma effect to the acquisition adjustments to allocate the cost of the Company's purchase of the Blue Jays, is presented below:

(In thousands of dollars) Year ended December 31	2001
Revenue	$ 125,086
Operating expenses	(202,018)
	(76,932)
Depreciation and amortization	(19,893)
Interest expense	(1,503)
Loss for the year	$ (98,328)

(In thousands of dollars) As at December 31	2001
Assets	
Cash and accounts receivable	$ 24,049
Deferred compensation	27,625
Goodwill and other intangible assets	203,442
Other assets	23,950
	$ 279,066
Liabilities and Shareholders' Equity	
Accounts payable and accrued liabilities	$ 21,076
Deferred obligations	50,442
	71,518
Shareholders' equity	207,548
	$ 279,066

ii. Sportsnet

Effective November 1, 2001, the Company acquired an additional 50.1% interest in Sportsnet in two transactions and, accordingly, consolidates its investment in Sportsnet from that date (Note 3(A)(i)).

B. Long-term investments

i. The shareholders of AT&T Canada, including the Company, have a contractual right to realize a minimum share price of $37.50 per share, increasing at 16% per annum from June 30, 2000, the "accreted floor price" until June 30, 2003, or such earlier time as a minority shareholder of AT&T Canada exercises its obligation to acquire all of the shares of AT&T Canada.

In 2000 and 2001, the Company entered into certain transactions, more fully described in notes 10(B)(ii) and (iii), which resulted in the monetization of a substantial portion of the Company's investment in AT&T Canada. The Company received cash of $1,186,380,000 in these transactions based on the accreted floor price of its 25,000,000 Class B deposit receipts of AT&T Canada. Although no accounting gain was recorded on these transactions, the Company has realized a substantial portion of the economic value of its investment in AT&T Canada as a result of these transactions. An accounting gain will be recorded when the Company disposes of its investment in AT&T Canada.

ii. In 2000, the Company acquired 4,253,800 Subordinate Voting common shares of Cogeco Cable for $187,167,000 and 2,724,800 Subordinate Voting common shares of Cogeco for $120,818,000.

At December 31, 2001, these investments had an aggregate quoted market value of $147,916,000, representing a decline of $160,069,000 from cost. At December 31, 2001, the Company has determined that this decline is not yet other than temporary.

C. Investment gains

In 2001 and 2000, the Company sold certain investments resulting in the following gains being recorded:

(In thousands of dollars)	2001	2000
Liberate	$ 7,058	$ 8,753
Terayon	16,195	30,891
Canadian Satellite Communications Inc.	—	74,508
	$ 23,253	$ 114,152

D. Investment writedowns

During 2001 and 2000, the Company recorded the following investment writedowns:

(In thousands of dollars)	2001	2000
Temporary investments	35,200	1,680
Private companies	26,000	—
	$ 61,200	$ 1,680

7. Deferred charges

(In thousands of dollars)	2001	2000
Unamortized foreign exchange losses	$ 170,187	$ 130,808
Financing costs	71,402	57,463
Pre-operating costs	39,923	32,852
Other	19,326	14,701
	$ 300,838	$ 235,824

Amortization of deferred charges for the year ended December 31, 2001 amounted to $64,519,000 (2000 — $43,775,000). Accumulated amortization as at December 31, 2001 amounted to $194,623,000 (2000 — $181,715,000).

8. Other assets

(In thousands of dollars)	2001	2000
Mortgages and loans receivable, including $1,116 from officers (2000 — $1,299)	$ 22,646	$ 14,532
Inventories	94,996	64,037
Videocassette inventory	30,778	26,113
Prepaid expenses	60,228	67,213
Brand licence costs, less accumulated amortization of $12,892 (2000 — $10,290)	25,028	27,510
Deferred pension asset	19,199	20,070
Acquired program rights	15,537	8,722
Other	3,350	7,670
	$ 271,762	$ 235,867

9. Long-term debt

(In thousands of dollars)	Interest rate	2001	2000
A. Corporate:			
i. Convertible Debentures, due 2005	5¾%	$ 311,721	$ 283,924
ii. Senior Notes, due 2006	9⅛%	87,024	81,975
iii. Senior Notes, due 2006	10½%	75,000	75,000
iv. Senior Notes, due 2007	8⅞%	306,600	292,245
v. Senior Notes, due 2007	8¾%	165,000	165,000
B. Wireless:			
i. Bank credit facility	Floating	52,000	—
ii. Senior Secured Notes, due 2006	10½%	160,000	160,000
iii. Senior Secured Notes, due 2007	8.30%	280,110	272,162
iv. Senior Secured Debentures, due 2008	9⅜%	433,121	433,121
v. Senior Secured Notes, due 2011	9⅝%	770,400	—
vi. Senior Secured Debentures, due 2016	9¾%	231,528	222,005
vii. Senior Subordinated Notes, due 2007	8.80%	342,409	322,543
C. Cable:			
i. Bank credit facilities	Floating	—	—
ii. Senior Secured Second Priority Notes, due 2002	9⅝%	116,389	116,389
iii. Senior Secured Notes, due 2002	Floating	300,000	300,000
iv. Senior Secured Second Priority Notes, due 2005	10%	412,894	412,146
v. Senior Secured Second Priority Debentures, due 2007	10%	146,223	146,223
vi. Senior Secured Second Priority Debentures, due 2012	10⅛%	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%	164,968	164,264
D. Media:			
Bank credit facility	Floating	126,000	—
E. Mortgages and capital leases payable	Various	36,103	37,798
		$ 4,990,357	$ 3,957,662

Further details of long-term debt are as follows:

A. Corporate

i. Convertible Debentures, due 2005

The Company's US$224,810,000 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, 2001, equates to a conversion price of US$25.33 per share (2000 — US$24.29 per share). These Convertible Debentures are redeemable in cash, at the option of the Company, at any time. In 2001, none of these Convertible Debentures were converted into Class B Non-Voting shares. 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. To date, an aggregate US$190,000 at maturity has been converted into 6,528 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.

iii. Senior Notes, due 2006

The Company's $75,000,000 Senior Notes mature on February 14, 2006.

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.

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.

Each of the Company's senior notes and debentures described above are senior unsecured general obligations of the Company ranking equally with each other. Interest is paid semi-annually on all notes and debentures except for the Convertible Debentures, due 2005, as described above.

B. Wireless

i. Bank credit facility

At December 31, 2001, $52,000,000 (2000 — nil) of debt was outstanding under the bank credit facility, which was amended on April 12, 2001, to provide Wireless with, among other things, up to $700 million from a consortium of Canadian financial institutions.

Under the credit facility, Wireless may borrow at various rates, including the bank prime rate to the bank prime rate plus 1¾% per annum, the bankers' acceptance rate plus 1% to 2¾% per annum and the London Inter-bank Offered Rate ("LIBOR") plus 1% to 2¾% per annum. Wireless' bank credit facility requires, among other things, that Wireless satisfy certain financial covenants, including the maintenance of certain financial ratios.

Subject to the paragraph below, 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 April 30:	
2006	$ 140,000
2007	140,000
2008	420,000

(*) The bank credit facility will mature on May 31, 2006 if the Wireless Senior Secured Notes due 2006 are not repaid (by refinancing or otherwise) on or prior to December 31, 2005. If these notes are repaid, then the bank credit facility will mature on September 30, 2007 if the Wireless Senior Secured Notes due 2007 are not repaid (by refinancing or otherwise) on or prior to April 30, 2007.

The credit facility requires that any additional senior debt (other than the bank credit facility 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% of the principal amount 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 Notes, due 2011

In May 2001, Wireless issued US$500,000,000 Senior Secured Notes that mature on May 1, 2011. These notes are redeemable in whole or in part, at the option of the Company, at any time, subject to a certain prepayment premium.

vi. 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 9(B)(i) above and ranks equally with the bank credit facility.

vii. 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% of the principal amount 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 credit facility, 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 Wireless' notes and debentures.

C. Cable

i. Bank credit facilities

No amounts were outstanding at December 31, 2001 and 2000 under the Cable bank agreement which provides for two separate credit facilities: (a) a senior secured reducing/revolving credit facility (the "Tranche A Credit Facility") of up to $510,600,000 (2000 — $570,600,000) and (b) a senior secured reducing/revolving credit facility (the "Tranche B Credit Facility") of up to $4,256,000 (2000 — $4,755,000) (when taken with the Tranche A Credit Facility, the "Bank Facilities"). The Bank Facilities aggregate capacity reduces by $60,500,000 from $514,855,000 to $454,355,000, on January 1, 2002, as indicated below.

Cable's 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 2.25% per annum over the bank prime rate or base rate or 0.75% to 3.00% 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 (Note 21(A)).

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:	
2002	$ 60,500
2003	121,605
2004	151,250
2005	181,500

Effective January 31, 2002, Cable entered into an amended and restated bank credit facility (Note 21(A)).

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. In June 2001, Cable entered into an amending agreement extending the maturity date of the notes by six months to November 21, 2002. The interest rate charged on the notes ranges from 1.25% to 3.75% per annum over the bankers' acceptance rate. These notes were prepaid in full in February 2002 (Note 21(B)).

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 senior bond for Cable's Bank Facilities described in Note 9(C)(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 notes and debentures with the exception of the senior secured floating rate notes, due 2002, for which interest is paid monthly.

D. Media

Bank credit facility

In August 2001, Media entered into a new bank credit facility with a consortium of Canadian financial institutions to provide Media with a revolving credit facility of $500,000,000 with no reduction until final maturity on September 30, 2006. At December 31, 2001 $126,000,000 was outstanding under this facility. There were no amounts outstanding at December 31, 2000 under Media's previous facility.

The interest rates charged on this credit facility range from the bank prime rate or U.S. base rate plus 0.25% to 2.50% per annum and the bankers' acceptance rate or LIBOR plus 1.25% to 3.50% per annum. The credit facility requires, among other things, that Media satisfy certain financial covenants, including the maintenance of certain financial ratios.

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.

E. Interest exchange agreements

i. At December 31, 2001, total U.S. dollar denominated long-term debt amounted to US$2,615,108,000 (2000 — US$2,111,200,000). The Company has entered into several 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. At December 31, 2001, US$1,789,582,000 (2000 — US$1,289,582,000) or 68.4% (2000 — 61.1%) is hedged through cross-currency interest rate exchange agreements at an average exchange rate of C$1.3755 to US$1.00.

ii. The cross-currency interest rate exchange agreements have the effect of: converting the interest rate on US$943,537,000 of long-term debt from an average U.S. dollar fixed interest rate of 9.60% per annum to an average Canadian dollar fixed interest rate of 10.20% per annum on $1,384,355,000; and 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' acceptances rate plus 3.20% per annum, which totalled 5.44% on $1,077,169,000 at December 31, 2001. The Company assumed an interest rate exchange agreement upon an acquisition during 2001. This interest rate exchange agreement has the effect of converting $30.0 million of floating rate obligations of the Company to a fixed interest rate of 7.72% per annum. The total long-term debt at fixed interest rates at December 31, 2001 was $3,465,191,000 (2000 — $2,626,700,000) or 69.4% (2000 — 66.4%) of total long-term debt.

The Company's effective weighted average interest rate on all long-term debt as at December 31, 2001, including the effect of the interest exchange agreements and cross-currency interest rate exchange agreements, was 8.04% (2000 — 9.11%).

The obligations under US$1,789,582,000 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. Principal repayments

As at December 31, 2001, principal repayments due within each of the next five years and in total thereafter on all long-term debt are as follows:

(In thousands of dollars)

2002	$ 421,639
2003	5,175
2004	2,382
2005	725,568
2006	470,750
	1,625,514
Thereafter	3,364,843
	$ 4,990,357

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 may be accelerated if there is a change in control of the respective companies.

10. Shareholders' equity

(In thousands of dollars)		2001	2000
Capital stock issued, at stated value:			
Preferred shares:			
Held by subsidiary companies:			
4,500	Series XXIII (2000 — 105,500)	$ 4,500	$ 105,500
—	Series XXVI (2000 — 253,500)	—	253,500
60,000	Series XXVII (2000 — 150,000)	60,000	150,000
—	Series XXIX (2000 — 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:			
133,632	Series B (2000 — 160,221 shares)	1,684	2,019
153,361	Series E (2000 — 170,852 shares)	2,622	2,922
Common shares:			
56,240,494	Class A Voting shares	72,320	72,320
153,551,874	Class B Non-Voting shares (2000 — 147,856,858 shares)	249,488	240,235
		1,000,614	1,466,496
Deduct:			
Amounts receivable from employees under certain share purchase plans		3,282	4,249
Preferred shares of the Company held by subsidiary companies		674,500	1,149,000
Total capital stock		322,832	313,247
Equity Instruments:			
Convertible Preferred securities		576,000	576,000
Warrants to purchase Class B Non-Voting shares		24,000	24,000
Preferred securities		1,009,205	952,147
Collateralized Equity Securities		245,632	—
Contributed surplus		786,644	613,825
Deficit		(548,139)	(63,041)
		$ 2,416,174	$ 2,416,178

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 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 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 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 9⅝% 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 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. During 2001, the Company completed the following capital stock transactions:

a. 101,000 Series XXIII Preferred shares were redeemed from a subsidiary company for $101,000,000 and cancelled;

b. 253,500 Series XXVI Preferred shares were redeemed from a subsidiary company for $253,500,000 and cancelled;

c. 90,000 Series XXVII Preferred shares were redeemed from a subsidiary company for $90,000,000 and cancelled;

d. 30,000 Series XXIX Preferred shares were redeemed from a subsidiary company for $30,000,000 and cancelled;

e. 26,589 Series B and 17,491 Series E Convertible Preferred shares with a value of $635,000 were converted to 44,080 Class B Non-Voting shares;

f. 4,170,330 Class B Non-Voting shares with a value of $162,643,000 were issued as partial consideration for the acquisition of Cable Atlantic Inc. (Note 3(A)(i));

g. 1,062,109 Class B Non-Voting shares were issued to employees upon the exercise of options for cash of $8,072,000; and

h. 418,497 Class B Non-Voting shares were issued to employees pursuant to the employee share purchase plan for cash of $10,723,000.

As a result of the above transactions, $172,819,000 of the issued amounts related to Class B Non-Voting shares was recorded in contributed surplus.

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 9(A)(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. 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. Equity Instruments

i. Convertible Preferred securities and warrants

Convertible Preferred securities were issued in 1999 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 the 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 for accounting purposes as a charge to the deficit, similar to a dividend.

ii. Preferred securities

As referenced in Note 6(B)(i), 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, with 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 converting the fixed interest rate to a floating interest rate 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 the deficit, similar to a dividend.

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

iii. Collateralized Equity Securities

As referenced in Note 6(B)(i), on October 23, 2001, the Company entered into certain equity derivative contracts which served to monetize an additional portion of the accreted floor price of its AT&T Canada deposit receipts after taking into account the monetization through the Preferred securities issued in August 2000. The settlement terms of these contracts enable the Company to settle or net-settle in Class B Non-Voting shares, the number of which is based on the trading value of the Class B Non-Voting shares, or physically settle or net cash settle these contracts, in whole or in part, or in any combination thereof, at the Company's option. The Company received proceeds of $248,880,000 which, less fees and expenses, resulted in net proceeds of $245,632,000.

Security for this transaction consists of a pledge of the shares of the two wholly owned subsidiaries of RCI in which the deposit receipts of AT&T Canada are held, and cash held in escrow of approximately $25,800,000 as at December 31, 2001. RCI also postponed and assigned intercompany debt owing by these wholly owned subsidiaries. Recourse under the pledge of shares is limited to all amounts, other property and/or rights received by the two wholly owned subsidiaries from the deposit receipts of AT&T Canada after satisfaction in full of all the rights and interests of the holders of the Convertible Preferred Securities. In addition, there is recourse to RCI, limited as at December 31, 2001, to approximately $86,100,000, which includes the approximate $25,800,000 cash collateral. This recourse to the Company is scheduled to reduce to nil by December 31, 2002 and the cash collateral is scheduled to be released in quarterly instalments, with interest, by December 31, 2002.

C. Stock option and share purchase plans

i. Stock option plan

The Company provides a stock option plan to employees and directors 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 options authorized under the plan. The term of each option is 10 years; the vesting period is generally 4 years but may be adjusted by the Management Compensation Committee on the date of grant. 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 employees and directors of Wireless participate in Wireless' stock option plan. Details of the RCI stock option plan are as follows:

	2001			2000		
	Shares		Weighted average exercise price	Shares		Weighted average exercise price
Outstanding, beginning of year	15,849,077	$	16.84	13,684,401	$	12.56
Granted	3,393,206		24.08	4,356,106		27.48
Exercised	(1,062,109)		7.60	(1,570,405)		8.97
Forfeited	(716,904)		15.53	(621,025)		14.25
Outstanding, end of year	17,463,270		18.86	15,849,077		16.84
Exercisable, end of year	8,905,435	$	13.83	6,802,230	$	10.20

At December 31, 2001, 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	5,214,075	5.7	$	6.72	4,626,575	$	6.78
$9.46 to $12.64	2,198,885	6.3		11.98	1,734,235		11.86
$16.75 to $23.77	5,037,104	8.2		22.98	1,170,125		22.56
$25.44 to $38.16	5,013,206	8.8		30.37	1,419,500		32.00
	17,463,270		$	18.86	8,950,435	$	13.83

There was no compensation expense related to stock options for 2001 or 2000.

ii. Employee share purchase plan

The employee share purchase plan is provided to enable certain employees of the Company an opportunity to obtain an equity interest in the Company by permitting them to acquire Class B Non-Voting shares. 770,000 Class B Non-Voting shares in aggregate have been set aside and reserved for allotment and issuance pursuant to the employee share purchase plan.

The effective 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 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.

During 2001, 418,497 Class B Non-Voting shares were issued under the Company's employee share purchase plan for cash of $10,723,000. No shares were issued in 2000 under the Company's employee share purchase plan. Compensation expense recorded for the Company's employee share purchase plan for 2001 was $863,000 (2000 — nil).

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

D. Dividends

In 2001, dividends of $14,000 were paid on the Preferred shares Series B and E held in trust under the Management Share Purchase Plan. 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 at $0.05 per share.

11. Cable system integration, workforce reduction and At Home termination costs

The cable system integration, workforce reduction and At Home termination costs consist of the following:

(In thousands of dollars)	2001	2000
Cable system integration costs (A)	$ 16,462	$ 10,612
Workforce reduction costs (B)	13,078	–
At Home termination costs (C)	43,974	–
	$ 73,514	$ 10,612

A. Cable system integration costs

During 2001 and 2000, the Company incurred integration costs related to the exchange of cable systems with Shaw and the acquisition of Cable Atlantic.

B. Workforce reduction costs

During 2001, the Company reduced its workforce in Media by approximately 170 employees in technology, editorial, sales and marketing and administrative departments in two of its divisions. The Company incurred $13,078,000 in costs primarily related to severance. Of this amount $8,257,000 has not been paid at December 31, 2001, and will be paid in 2002.

C. At Home termination costs

The Company had offered high-speed Internet access through an exclusive agreement with At Home Corporation ("At Home"), a U.S. based broadband access provider. At Home provided the Company's high-speed Internet subscribers with broadband content, access to the Internet and applications, including e-mail. On September 28, 2001, At Home filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. During 2001 the Company accelerated plans to develop its own high speed Internet network as an alternative to the network provided by At Home and to transition all of its high speed Internet subscribers to the Company's own network. As a result, during 2001 the Company incurred incremental operating expenses of $43,974,000, which primarily comprised a US$15,000,000 payment under a transitional agreement and identifiable incremental customer service and customer communication expenses.

12. 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:

(In thousands of dollars)	2001	2000
Future income tax assets:		
Non-capital income tax loss carryforwards	$ 632,412	$ 523,086
Future income tax deductions relating to long-term debt and other transactions denominated in foreign currencies	66,687	84,010
Investments	6,270	–
Other	17,980	–
Total future income tax assets	723,349	607,096
Less valuation allowance	453,524	342,528
	269,825	264,568
Future income tax liabilities:		
Fixed assets and inventory	(378,031)	(254,078)
Investments	–	(107,440)
Goodwill	(28,983)	(35,718)
Other	–	(12,892)
Total future income tax liabilities	(407,014)	(410,128)
Net future income tax liability	$ (137,189)	$ (145,560)

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 year 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 statutory income tax rate to the income before income taxes for the following reasons:

(In thousands of dollars)	2001	2000
Statutory income tax rate	41.7%	44.0%
Income tax expense (recovery) on income (loss) before income taxes and non-controlling interest	$ (200,616)	$ 67,785
Increase (decrease) in income taxes resulting from:		
Change in the valuation allowance for future income tax assets	86,539	(3,127)
Adjustments to future income tax assets and liabilities for changes in substantively enacted tax rates	114,858	19,000
Non-deductible depreciation and amortization	22,979	13,378
Non-taxable portion of gain on sale of subsidiaries and other investments	(15,535)	(52,612)
Non-deductible expenses and portion of capital losses	27,347	—
Other items	(5,944)	(6,978)
Large Corporations Tax	13,422	10,016
Income tax expense	$ 43,050	$ 47,462

As at December 31, 2001, the Company has the following non-capital income tax 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:	
2002	$ 104,524
2003	187,340
2004	493,355
2005	167,536
2006	98,750
2007	342,898
2008	583,827
	$ 1,978,230

13. Earnings (loss) per share

The following table sets forth calculation of basic and diluted earnings (loss) per share:

(In thousands of dollars)	2001	2000
Numerator:		
Net income (loss)	$ (434,291)	$ 141,442
Dividends on Series B and Series E Preferred shares	(14)	(2)
Distribution on Convertible Preferred securities, net of income tax	(18,612)	(18,612)
Accretion of Preferred securities, net of income tax	(32,181)	(15,161)
Dividends accreted on Convertible Preferred securities, net of income tax	(18,360)	(17,577)
Income (loss) — basic	(503,458)	90,090
Effect of dilutive securities:		
Preferred securities, net of income tax	—	15,161
Income (loss) — diluted	$ (503,458)	$ 105,251

	2001	2000
Denominator (in thousands):		
Weighted average number of shares outstanding — basic	208,644	203,761
Effect of dilutive securities:		
Employee stock options	—	7,801
Preferred securities	—	38,118
Warrants to purchase Class B Non-Voting shares	—	392
Weighted average number of shares outstanding — diluted	208,644	250,072
Earnings (loss) per share:		
Basic	$ (2.41)	$ 0.44
Diluted	(2.41)	0.42

For 2001, the effect of potentially dilutive securities, including the Equity Instruments described in Note 10(B), were excluded from the computation of diluted earnings per share as they are anti-dilutive to the basic loss per share. The contingent shares to be issued on the Cable Atlantic acquisition (Note 3(A)(i)) in 2001 were also excluded as their effect is anti-dilutive. For 2000, the weighted average number of shares outstanding — diluted excludes the effect of the Convertible Preferred securities and Convertible Debentures, as they were anti-dilutive.

14. 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.

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, 2001.

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 are as follows:

(In thousands of dollars)	2001	2000
Plan assets, at fair value	$ 331,834	$ 382,193
Projected benefit obligations	308,492	275,065
Excess of plan assets over projected benefit obligations	23,342	107,128
Unrecognized transition asset and experience gains	(61,143)	(67,789)
Unamortized net actuarial loss (gain)	57,000	(19,269)
Deferred pension asset, net of valuation	$ 19,199	$ 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)	2001	2000
Plan assets, beginning of year	$ 382,193	$ 358,121
Actual return (loss) on plan assets	(42,613)	29,771
Contributions by employees	10,795	11,188
Benefits paid	(18,541)	(16,887)
Plan assets, end of year	$ 331,834	$ 382,193

Projected benefit obligations are outlined below:

(In thousands of dollars)	2001	2000
Projected benefit obligations, beginning of year	$ 275,065	$ 204,956
Service cost	12,334	11,800
Interest cost	20,988	18,912
Benefits paid	(18,541)	(16,887)
Changes in assumptions and actuarial gains	18,646	56,284
Projected benefit obligations, end of year	$ 308,492	$ 275,065

Net plan expense (recovery) is outlined below:

(In thousands of dollars)	2001	2000
Plan cost:		
Service cost	$ 12,334	$ 11,800
Interest cost on projected benefit obligations	20,988	18,912
Interest on plan assets	(31,211)	(28,034)
Amortization of transition asset and net gain from past experience	(1,240)	(9,458)
Net plan expense (recovery)	$ 871	$ (6,780)

Actuarial assumptions:

	2001	2000
Weighted average discount rate for projected benefit obligations	7.00%	7.00%
Weighted average rate of compensation increase	5.00%	5.00%
Weighted average expected long-term rate of return on plan assets	8.25%	8.25%

15. Segmented information

The Company provides wireless services, cable services and, through Media, 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, 2001 and 2000 are as follows:

(In thousands of dollars) 2001	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue	$ 1,753,145	$ 1,433,029	$ 721,710	$ 4,772	$ 3,912,656
Operating, general and administrative expenses	1,341,200	916,224	653,404	49,307	2,960,135
Operating income (loss) before the undernoted	411,945	516,805	68,306	(44,535)	952,521
Management fees	10,684	28,781	10,677	(50,142)	—
Cable system integration, workforce reduction and At Home termination costs	—	60,436	13,078	—	73,514
Depreciation and amortization	391,839	446,892	42,977	39,209	920,917
Operating income (loss)	9,422	(19,304)	1,574	(33,602)	(41,910)
Interest expense	190,529	162,590	4,882	72,310	430,311
Intercompany:					
Interest expense	13,515	12,036	94,268	(119,819)	—
Dividends	—	(32,228)	(109,014)	141,242	—
Gain on sale of subsidiaries	—	(17,807)	(33,391)	(35,000)	(86,198)
Gain on sale of investments	—	(16,195)	—	(7,058)	(23,253)
Writedown of investments	—	26,000	—	35,200	61,200
Losses from investments accounted for by the equity method	—	—	274	81,356	81,630
Other items, net	(2,596)	(698)	3,505	(24,718)	(24,507)
Income tax expense	6,945	5,314	1,713	29,078	43,050
Non-controlling interest	—	—	—	(89,852)	(89,852)
Net income (loss)	$ (198,971)	$ (158,316)	$ 39,337	$ (116,341)	$ (434,291)
Capital expenditures, net	$ 654,457	$ 749,747	$ 18,782	$ (2,239)	$ 1,420,747
Goodwill acquired	$ —	$ 216,733	$ 156,213	$ 35,927	$ 408,873
Identifiable assets	$ 3,136,784	$ 3,669,423	$ 1,589,113	$ 565,388	$ 8,960,708

(In thousands of dollars) 2000	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue	$ 1,639,104	$ 1,291,161	$ 681,023	$ —	$ 3,611,288
Operating, general and administrative expenses	1,228,180	833,384	603,633	28,366	2,693,563
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 cable systems 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	4,107	33,901	110,092	(148,100)	—
Dividends	—	(39,380)	(125,537)	164,917	—
Gain on sale of investments	—	(30,891)	(1,292)	(81,969)	(114,152)
Writedown of investments	—	—	—	1,680	1,680
Proceeds received on termination of merger agreement, net	—	—	—	(222,456)	(222,456)
Losses (income) from investments accounted for by the equity method	—	—	3,464	(748)	2,716
Other items, net	577	3,359	178	(9,238)	(5,124)
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	$ 3,576,356	$ 2,105,427	$ (179,831)	$ 7,866,295

16. Related party transactions

The Company entered into the following related party transactions:

A. During 2001, the Company was a party to the transaction involving RTL, a company controlled by the controlling shareholder of the Company, which transferred control of the Company's investment in the Blue Jays to RTL (Note 6(A)).

B. The Company has entered into certain transactions in the normal course of business with AT&T Wireless Services Inc. ("AWE"), a shareholder of a subsidiary company, and with certain broadcasters in which the Company has an equity interest as follows:

(In thousands of dollars)	2001	2000
Roaming revenue billed to AWE	$ 12,397	$ 20,438
Roaming expenses paid to AWE	(18,867)	(20,636)
Programming rights acquired from the Blue Jays	5,200	—
Access fees paid to broadcasters accounted	(13,559)	(9,098)
Financing fees and interest on loan to fund spectrum licences paid to AWE	(7,481)	—
	$ (22,310)	$ (9,296)

C. The Company has entered into certain transactions with companies, the partners or senior officers of which are directors of the Company and/or its subsidiary companies. During 2001, total amounts paid by the Company to these related parties aggregated $8,817,000, and included charges for legal services, brokerage and investment advisory fees related to financing transactions, premiums for insurance coverage and equipment purchaser.

These transactions are recorded at the exchange amount, being the amount agreed to by the related parties.

17. 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 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 6). 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 year-end 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, 2001 and 2000 are as follows:

(In thousands of dollars)	2001		2000	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Liability (asset):				
Long-term debt	$ 5,378,922	$ 5,470,677	$ 4,201,169	$ 4,297,342
Interest exchange agreements	—	4,224	—	2,336
Cross-currency interest rate exchange agreements	(388,565)	(459,415)	(243,507)	(261,946)
	$ 4,990,357	$ 5,015,486	$ 3,957,662	$ 4,037,732

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 & Poors 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.

18. Commitments

A. In August 2001, the Company entered into an agreement, which is subject to the prior approval of the CRTC, with Standard Radio Inc. to purchase the assets of 13 radio stations for total cash consideration of $100,000,000. The stations operate as an AM station in Toronto (the "FAN"), an FM station in Orillia, an AM and an FM station in Timmins and two FM stations and an AM station in each of Sudbury, Sault Ste. Marie and North Bay.

B. In the ordinary course of business and in addition to the amounts recorded on the consolidated balance sheet, the Company has entered into agreements to acquire broadcasting rights to programs and films over the next five years at a total cost of approximately $65,533,000.

C. 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, 2001 are as follows:

(In thousands of dollars)

Year ending December 31:	
2002	$ 124,494
2003	97,345
2004	81,495
2005	70,494
2006	58,843
2007 and thereafter	85,901
	$ 518,572

Rent expense for 2001 amounted to $111,907,000 (2000 – $100,174,000).

19. Contingencies

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.

In July 2001, five current or former high-speed Internet customers commenced a proposed class proceeding against the Company in the Ontario Superior Court of Justice for damages in the aggregate amount of $75 million in relation to service interruptions and other problems allegedly experienced with the Rogers@Home service. This action cannot proceed as a class proceeding unless and until certified by the court as a class proceeding. The Company believes that the proposed class action should be stayed or dismissed and has taken steps to seek this relief.

20. Canadian and United States accounting policy differences

The consolidated financial statements of the Company have been prepared in accordance with 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 net income (loss) in each year would be adjusted as follows:

(In thousands of dollars, except per share amounts)	2001	2000
Net income (loss) for the year based on Canadian GAAP	$ (434,291)	$ 141,442
Foreign exchange loss (A)	(49,149)	(25,155)
Gain on sale of cable systems (C)	(7,605)	36,696
Pre-operating costs (D)	103	(1,835)
Interest on Convertible Preferred securities and Preferred securities (E)	(92,427)	(62,241)
Capitalized interest (F)	17,665	7,079
Goodwill amortization (H)	(775)	–
Impact of adoption of FAS 133(I)	(32,072)	–
Financial instruments (I)	64,030	–
Stock-based compensation (J)	(1,279)	–
Other	3,386	4,272
Income taxes (K)	85,174	13,451
Non-controlling interest effect of adjustments	(3,653)	8,257
Net income (loss) based on United States GAAP	$ (450,893)	$ 121,966
Before adoption of FAS 133:		
Basic earnings (loss) per share based on United States GAAP	$ (2.01)	$ 0.60
Diluted earnings (loss) per share based on United States GAAP	(2.01)	0.52
After adoption of FAS 133:		
Basic earnings (loss) per share based on United States GAAP	(2.16)	0.60
Diluted earnings (loss) per share based on United States GAAP	(2.16)	0.52

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

(In thousands of dollars)	2001	2000
Shareholders' equity based on Canadian GAAP	$ 2,416,174	$ 2,416,178
Foreign exchange loss (A)	(150,327)	(101,178)
Gain on sale and issuance of subsidiary shares to non-controlling interest (B)	46,245	46,245
Gain on sale of cable systems (C)	133,021	140,626
Pre-operating costs (D)	(32,584)	(32,687)
Equity instruments (E)	(1,836,480)	(1,531,421)
Capitalized interest (F)	24,744	7,079
Unrealized holding gain on investments (G)	624,585	584,848
Acquisition of Cable Atlantic (H)	34,673	–
Financial instruments (I)	31,958	–
Stock-based compensation (J)	3,065	–
Other	(28,089)	(31,475)
Income taxes (K)	(369,842)	(407,207)
Non-controlling interest effect of adjustments	(20,622)	(16,969)
Shareholders' equity based on United States GAAP	$ 876,521	$ 1,074,039

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 presently 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 goodwill 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 future income taxes.

As a result of these transactions, amortization expense under United States GAAP is increased in subsequent years.

D. 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.

E. Equity instruments

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.

Under Canadian GAAP, the proceeds from the Collateralized Equity Securities are classified as shareholders' equity. Under United States GAAP, these securities are recorded as long-term debt and recorded at their fair value at December 31, 2001. Adjustments to the fair value at each reporting date are recorded as a charge to the statements of income.

F. 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.

G. 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.

As at December 31, 2001 and 2000, this amount represents the Company's accumulated other comprehensive income.

H. Acquisition of Cable Atlantic

United States GAAP requires that shares issued in connection with a purchase business combination be valued based on the market price at the announcement date of the acquisition. Canadian GAAP required that shares issued in connection with a purchase business combination be valued based on the market price at the consummation date of the acquisition. Accordingly, the Class B Non-Voting shares issued in respect of the acquisition of Cable Atlantic are recorded at $35,448,000 more under United States GAAP than under Canadian GAAP. This results in an increase to goodwill in this amount, with a corresponding increase to contributed surplus in the amount of $35,448,000. Further, goodwill amortization under United States GAAP is increased by $775,000.

I. Financial instruments

Under Canadian GAAP, the Company accounts for its cross-currency interest rate exchange agreements and interest exchange agreements as hedges of specific debt instruments. Under United States GAAP, these instruments are not accounted for as hedges as a result of adopting the new pronouncement entitled "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), effective January 1, 2001. As a result, the Company has recorded the net excess of the fair values of the cross-currency interest rate exchange agreements over the carrying values of these instruments as at December 31, 2000, being $18,439,000, as a cumulative transition adjustment to net income under United States GAAP. The Company has also recorded a cumulative transition adjustment to write-off the net balance of the deferred foreign exchange as at December 31, 2000, being $20,726,000, that arose upon redesignation of certain of the Company's cross-currency interest rate exchange agreements. Further, the Company has recorded $29,785,000 as a cumulative transition adjustment to net income, which represents the excess of the fair value of the long-term debt to which the derivative instruments relate (the "hedged debt") over its carrying value. Therefore, the net cumulative transition adjustment under SFAS 133 to the loss for the year under United States GAAP was a charge to the net loss of $32,072,000. The adjustment to long-term debt is being amortized to net income under United States GAAP over the remaining effective life of the related long-term debt. In addition, under United States GAAP, long-term debt is being recorded at the year-end rate of exchange.

Therefore, for the year ended December 31, 2001, under United States GAAP, the Company has recorded the change in the fair values of the cross-currency interest rate exchange agreements since January 1, 2001, the change in long-term debt due to changes in foreign currency and the amortization of the adjustment to its long-term debt as discussed above.

J. Stock-based compensation

Under United States GAAP, options issued to non-employees must be measured at the fair value at grant dates and recorded as deferred compensation expense and shareholders' equity. The fair value must be remeasured at each reporting date until vesting is complete, with corresponding adjustments to the deferred compensation expense. The deferred compensation is recognized as compensation expense over the vesting period of the options. As a result of the Blue Jays no longer being consolidated with the results of the Company, options granted to employees of the Blue Jays are treated as if they were granted to non-employees.

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 expense as determined under Canadian GAAP.

K. 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.

L. Capital stock

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.

M. Operating income before depreciation and amortization

United States GAAP requires that depreciation and amortization and the At Home termination, workforce reduction and integration costs be included in the determination of operating income and does not permit the disclosure of a subtotal of the amount of operating income before these items. Canadian GAAP permits the disclosure of a subtotal of the amount of operating income before these items.

N. 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 cash in 2001 in the amount of $281,950,000 (2000 — increase of $285,214,000) reflected in the consolidated statements of cash flows would be decreased by $15,016,000 (2000 — decreased by $7,285,000) and cash flows under the heading "Financing Activities" would be decreased by $15,016,000 (2000 — increased by $7,285,000).

O. 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)	2001	2000
Net income (loss) based on United States GAAP	$ (450,893)	$ 121,966
Other comprehensive income, net of income taxes:		
Unrealized holding gains arising during the year	106,252	—
Unrealized holding losses arising during the year	(56,804)	(509,644)
Realized gains included in income	(18,254)	(81,919)
Comprehensive loss based on United States GAAP	$ (419,699)	$ (469,597)

P. Other disclosures

United States GAAP requires the Company to disclose accrued liabilities, which is not required under Canadian GAAP. Accrued liabilities included in accounts payable and accrued liabilities as at December 31, 2001 were $789,438,000 (2000 — $837,879,000). At December 31, 2001 and 2000, there were no accrued liabilities that individually exceeded 5% of current liabilities.

Q. Stock-based compensation disclosures

For options granted to employees, 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 amounts)	2001	2000
Net income (loss) in accordance with United States GAAP as reported	$ (450,893)	$ 121,966
Pro forma net income (loss)	(481,460)	100,848
Pro forma basic earnings (loss) per share	(2.31)	0.49
Pro forma diluted earnings (loss) per share	(2.31)	0.32

The weighted average estimated fair value at the date of the grant, as defined by SFAS 123, for RCI options granted in fiscal 2001 was $11.78 per share (2000 — $13.38). The weighted average fair value, at the date of grant, as defined by SFAS 123, for Wireless options granted in fiscal 2001 was $10.77 (2000 — $11.58).

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:

	2001	2000
Risk-free interest rate	5.17%	5.62%
Dividend yield	—	—
Volatility factor of the future expected market price of RCI's Class B Non-Voting shares	49.08%	47.64%
Volatility factor of the future expected market price of Wireless' Class B Restricted Voting shares	49.49%	42.14%
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.

R. Recent United States accounting pronouncements

i. In July 2001, the FASB issued Statement No. 141, "Business Combinations", and Statement No. 142, "Goodwill and Intangible Assets". These statements are substantially consistent with CICA Sections 1581 and 3062 (refer to Note 1(P)(i)) except that under United States GAAP, any transitional impairment charge is recognized in earnings as a cumulative effect of a change in accounting principle. Under Canadian GAAP, the cumulative adjustment is recognized in the opening deficit.

ii. In October 2001, FASB issued Statement No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets", which retains the fundamental provisions of SFAS 121 for recognizing and measuring impairment losses of long-lived assets other than goodwill. Statement 144 also broadens the definition of discontinued operations to include all distinguishable components of an entity that will be eliminated from ongoing operations. SFAS 144 is effective for the Company's year commencing January 1, 2002, to be applied prospectively. In August 2001, SFAS 143, "Accounting for Asset Retirement Obligations", was approved and requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. SFAS 143 is effective for the Company's fiscal year commencing January 1, 2003. The Company expects the adoption of these standards will have no material impact on its financial position, results of operations or cash flows.

21. Subsequent events

A. Effective January 31, 2002, a subsidiary of the Company (Cable) entered into a new amended and restated bank credit facility (the "New Bank Credit Facility") providing a bank credit facility of up to $1.075 billion. This New Bank Credit Facility replaces the existing bank facilities of Cable. The New Bank Credit Facility provides for two separate facilities: (i) a $600 million senior secured revolving credit facility ("New Tranche A Credit Facility") which will mature on January 2, 2009 and (ii) a $475 million senior secured reducing/revolving credit facility ("New Tranche B Credit Facility") which is subject to reduction on an annual basis and which will be scheduled to reduce to nil on January 2, 2009. Cable's obligations under the New Bank Credit Facility are secured by a bond issued under a deed of trust in the same manner as the existing bank facilities. Upon cancellation of Cable's previous bank credit facility, the RCI guarantee and pledge of shares of Wireless required under those facilities were released.

B. On February 5, 2002, a subsidiary of the Company (Cable) raised gross proceeds of $450 million through the issuance of 7.60% Senior Secured Second Priority Notes due 2007. The net proceeds from this offering were used by Cable to prepay its $300 million floating rate notes due 2002 with the balance used to fund capital expenditures and for general corporate purposes.

directors and officers

Directors

Ronald D. Besse [2,3,4]
Chairman and Chief Executive Officer
Gage Learning Corporation

H. Garfield Emerson, Q.C. [1,2,3,5,6,7]
National Chair
Fasken, Martineau, DuMoulin, LLP

Albert Gnat, Q.C. [3,4,5]
Senior Partner
Lang Michener

Thomas I. Hull [1,3,5,7]
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 Mikalachki [2]
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. [1,5,6,7]
President and Chief Executive Officer
Rogers Communications Inc.

Edward S. Rogers [1,6,7]
Senior Vice President, Planning
Rogers Communications Inc.

Loretta A. Rogers
Company Director

William T. Schleyer [3,6]
President and Chief Executive Officer
AT&T Broadband

Ian H. Stewart, Q.C. [2]
President
Seacoast Equities Inc.

John A. Tory, Q.C. [1,3,5,7]
President
Thomson Investments Limited

J. Christopher C. Wansbrough [1,2,4,7]
Chairman
Rogers Telecommunications Limited

W. David Wilson [2]
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
7 Member of the Finance Committee

Officers

H. Garfield Emerson, Q.C.
Chairman

Philip B. Lind
Vice Chairman

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

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

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

Nadir H. Mohamed, CA
Senior Vice President,
Wireless Telecommunications

Anthony P. Viner
Senior Vice President, Media

Edward S. Rogers
Senior Vice President, Planning

Dean T. MacDonald
Senior Vice President,
Government Relations

Alexander R. Brock
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Rogers Telecom Inc.

Donald B. Burt
Vice President, Human Resources

Heather Campbell
Vice President,
Information Technology

M. Lorraine Daly
Vice President, Treasurer

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

Frank A. DiMatteo
Vice President,
Marketing Administration

Kenneth G. Engelhart
Vice President, Regulatory

Gregory J. Henderson, CA
Vice President, Group Controller

Jan L. Innes
Vice President, Communications

Roger D. Keay
Vice President, Technology and
Strategic Planning

Bruce M. Mann, CPA
Vice President, Investor Relations

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

Ron J. McKerlie
Vice President, E-Business

Douglas C. Perry
Vice President, Sales and Distribution

Melinda M. Rogers
Vice President, Venture Investments

Robert W. Stark
Vice President,
National Customer Service

Thomas A. Turner, Jr.
Vice President, Convergence

David J. Watt
Vice President, Business Economics

Daphne Evans
Secretary

David P. Miller
Vice President, General Counsel

Graeme H. McPhail
Vice President and
Associate General Counsel

E. Jennifer Warren
Vice President and
Assistant General Counsel

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
(800) 387-0825

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

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

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

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

Rogers Cable Inc.

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

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

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

Senior (Secured) Second Priority Notes due 2007
CUSIP # 77509NAA15
Trustee and Transfer Agent:
CIBC Mellon Trust Company
(800) 387-0825

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

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

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

Rogers Wireless Inc.

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

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

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

Senior (Secured) Notes due 2011
CUSIP # 77531QAB4
Trustee and Transfer Agent:
The Chase Manhattan Bank
(800) 648-8380

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

Senior Subordinated Notes due 2007
CUSIP # 775101 AH1
Trustees and Transfer Agents:
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(800) 648-8380
CIBC Mellon Trust Company
(800) 387-0825

corporate information

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Institutional investors, security analysts and others who may want financial information about any of the Rogers companies can visit our Web site www.rogers.com or contact:

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Jan L. Innes,
Vice President, Communications
Tel.: (416) 935-3525

Annual General Meeting

The Annual General Meeting of the shareholders of Rogers Communications Inc. will be held at 9:30 a.m. (EDT) Monday, May 27, 2002, at the Velma Rogers Graham Theatre, Rogers Communications Inc., 333 Bloor Street East, Toronto, ON M4W 1G9

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 (AIF)

A copy of the Rogers AIF is available on SEDAR (www.sedar.com) or on request by writing to the corporate office.

Share Information

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

Class A Voting shares
RCI.A CUSIP # 775109101

Class B Non-Voting shares
RCI.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 (800) 663-9097
e-mail:
caregistryinfo@computershare.com

U.S. Agent:
Computershare Trust Company, Inc.
(303) 986-5400 or
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Printed in Canada

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