Optical fibre joins the primary hub to the optical nodes in the cable distribution plant. Final distribution to subscriber homes from optical nodes uses high-bandwidth co-axial cable with two-way amplifiers to support on-demand television and Internet service. Co-axial cable capacity has been increased repeatedly by introducing more advanced amplifier technologies. Co-axial cable is a cost-effective, high-bandwidth and widely deployed means of carrying two-way digital television, broadband Internet and telephony services to residential subscribers.

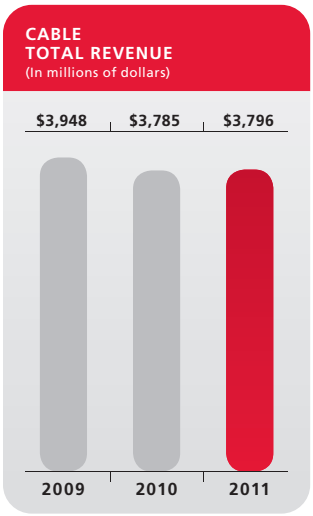
On average, groups of 430 homes are served from each optical node in a cable architecture commonly referred to as fibre-to-the-feeder ("FTTF"). The FTTF plant provides bandwidth generally at 860 MHz, which includes 37 MHz of bandwidth used for "upstream" transmission from the subscribers' premises to the primary hub. As additional downstream and/or upstream capacity is required, the number of homes served by each optical node is reduced in an engineering practice referred to as node-splitting. Fibre cable has been placed to permit a continuous reduction of the average node size by installing additional optical transceiver modules and optical transmitters and return receivers in the head-ends and primary hubs.

Cable believes that the 860 MHz FTTF architecture provides sufficient bandwidth to provide for television, data, telephony and other future services, high picture quality, advanced two-way capability and network reliability. This architecture also allows for the introduction of bandwidth optimization technologies, such as switched digital video ("SDV") and MPEG4, and offers the ability to continue to expand service offerings on the existing infrastructure. SDV has been successfully deployed in almost all head-ends. In addition, Cable's clustered network of cable systems served by regional head-ends facilitates its ability to rapidly introduce new services to large areas of subscribers simultaneously. In new construction projects in major urban areas, Cable is now deploying a cable network architecture commonly referred to as fibre-to-the-curb ("FTTC"). This architecture provides improved reliability and reduced maintenance due to fewer active network devices being deployed.

Cable's voice-over-cable telephony services are offered over an advanced broadband IP multimedia network layer deployed across its cable service areas. This network platform provides for a scalable primary line quality digital voice-over-cable telephony service utilizing Packet Cable and Data Over Cable Service Interface Specification ("DOCSIS") standards, including network redundancy as well as multi-hour network and customer premises backup powering.

Cable operates on behalf of Wireless and RBS (including the recently acquired Atria Networks LP), a North American transcontinental fibre-optic network extending over 38,000 route kilometres providing a significant North American geographic footprint connecting Canada's largest markets while also reaching key U.S. markets for the exchange of data and voice traffic, also known as peering. In Canada, the network extends from Vancouver in the west to St. John's in the east. The assets include local and regional fibre, transmission electronics and systems, hubs, points of presence ("POPs"), and switching infrastructure. Cable's network extends into the U.S. from Vancouver south to Seattle in the west, from the Manitoba-Minnesota border, through Minneapolis, Milwaukee and Chicago in the mid-west and from Toronto through Buffalo and Montreal through Albany to New York City in the east. Cable has connected its North American network with Europe through international gateway switches in New York City.

Where Cable does not have its own local facilities directly to a business customer's premises, the local service is provided under a third party wholesale arrangement.



CABLE'S STRATEGY

Cable seeks to maximize subscriber share, revenue, operating profit and return on invested capital by leveraging its technologically advanced cable networks and innovative products and services to meet the information, entertainment and communications needs of its residential and business customers. The key elements of the strategy are as follows:

- Maintaining technologically advanced cable networks and systems clustered and interconnected in and around metropolitan areas;
- Offering a wide selection of advanced and innovative information, entertainment and communications products and services over its broadband networks, such as the ongoing expansion of its HDTV, specialty and on-demand video services, increasingly faster broadband Internet speeds, and emerging opportunities for home monitoring and control;
- Ongoing focus on enhanced customer experience through the quality and reliability of its innovative products, services and customer support programs;
- Targeting its product and content development to the changing demographic trends within its service territory, such as products targeted to multicultural communities and small businesses;
- Continuing to lead the development and expansion of the online content and entertainment experience with the continued expansion of its successful broadband video platform, Rogers On Demand Online, and through the evolution and enhancement of its set top box capabilities and user interface;
- Continuing to deepen its presence and core connections in an increasing number of customer homes with anchor products such as broadband Internet, video and telephony; and
- Focusing on driving deeper penetration of its on-net data and voice services into the small and medium-sized business segments within and contiguous to its cable footprint.

RECENT CABLE INDUSTRY TRENDS

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, including fibre to the home and premises initiatives, and electronics in their respective networks and in the development of Internet, digital cable and voice-over-cable telephony services. These investments have enabled cable television companies to offer expanded packages of digital cable television services, including VOD and SVOD, pay television packages, PVR, HDTV programming,