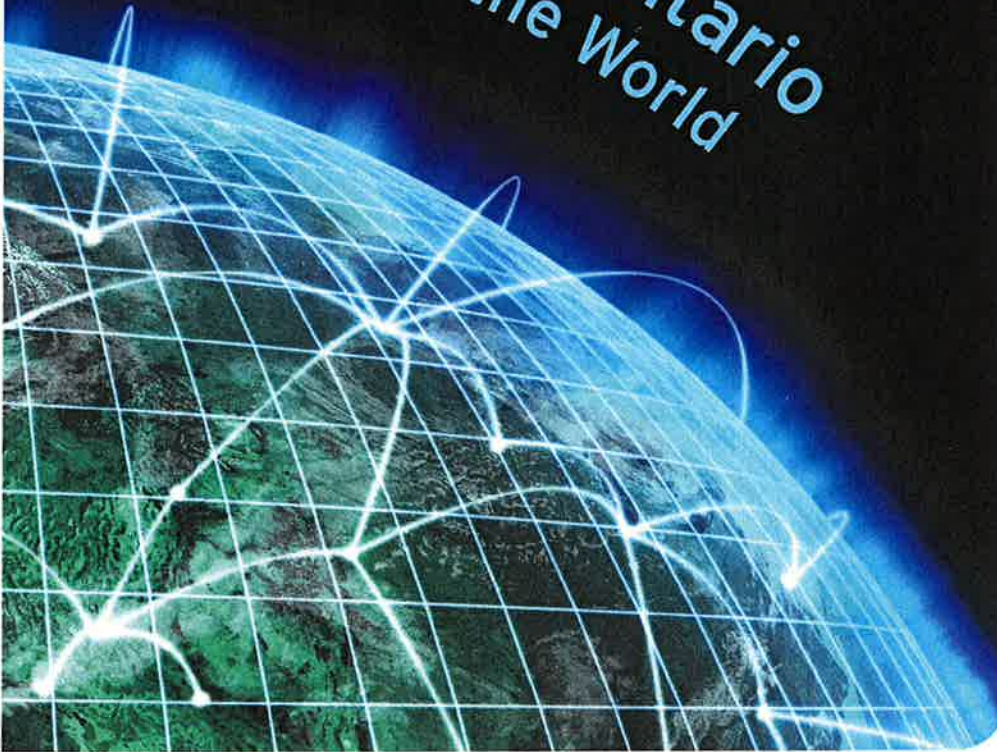


Connecting Eastern Ontario to the World



Project Update • January 2012

Project Overview

Ontario's Largest Rural Broadband Network

EORN will enable high-speed Internet access across Eastern Ontario that will improve the quality of life of our residents and support innovation and economic growth.

A project of the Eastern Ontario Wardens' Caucus, the broadband network is a \$170 million project to be built through the support of federal, provincial, municipal and private sector funding.

The project aims to improve access to the Internet with higher speeds and bandwidth to at least 95 per cent of homes and businesses in Eastern Ontario, a majority of which will see speeds of up to 10 Mbps.

A key aspect of the project is that it is stimulating significant infrastructure investments by Internet service providers (ISPs) that will improve rural broadband access. EORN is seeking to create an efficient network that increases availability of high-speed while encouraging an open and competitive marketplace for Internet services in the community.

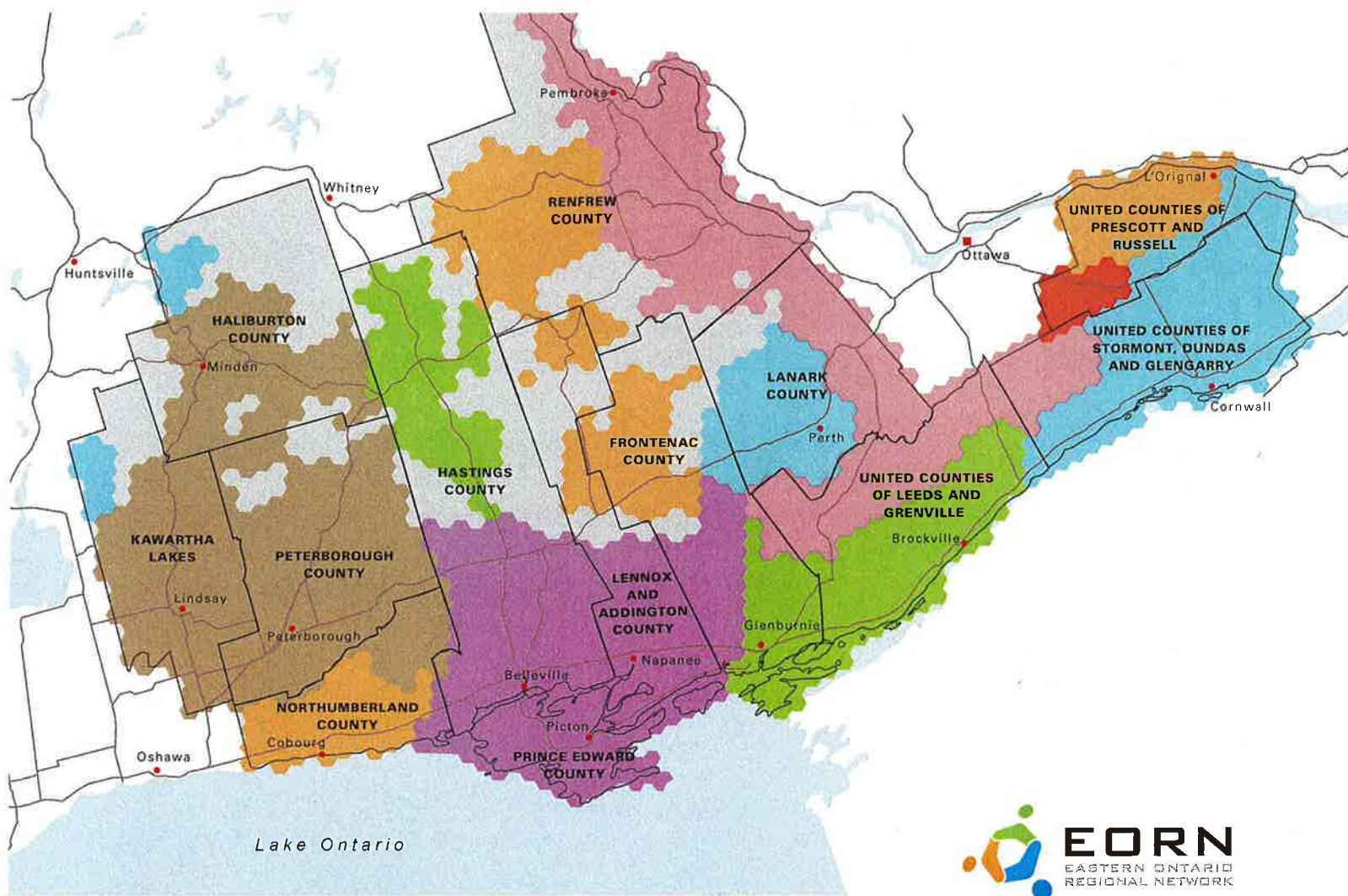
Input provided by industry stakeholders helped shape the structure of the project. An open and transparent competitive bidding process is ensuring the participation of multiple private sector partners in the project.

The network will be created by:

- (1) Building a high-capacity scalable fibre optic backbone throughout the region.
- (2) Creating greater access to the network by awarding contracts to ISPs – with a focus on promoting investment in high-speed access and bridging the urban/rural price gap.
- (3) Ensuring no one is left behind by negotiating improved services and better rates on satellite services for areas that cannot be reached through wireless or wired connections.

Quick Facts

- EORN covers an area of more than 50,000 square kilometres in Eastern Ontario. It is almost the same size as Nova Scotia.
- Nearly 300,000 people, mostly in the rural areas of the region, have no or poor access to the Internet.
- The Eastern Ontario Wardens' Caucus represents nearly one million people in 11 counties and two single-tier cities.



Timeline

The region has been divided into 15 zones for access.

EORN Zone Names	Expected Service Availability to Households*
■ Satellite Services**	Available Now
■ Embrun	Available Now
■ Quinte-Loyalist	Fall 2012
■ Northumberland, Highlands, South Nation	Fall 2012
■ Haliburton, Kawartha	Summer 2013
■ Ottawa Valley North/South	Fall 2013
■ Lanark, SD&G, Dorset, Sebright	Fall 2013
■ Hastings North, Thousand Islands	Fall 2013

* Exact availability will be established through the competitive bidding process.

** Satellite service is currently available at improved pricing throughout the region. Satellite may continue to be the best fit technology for remote areas or difficult terrain within all EORN Zones.

Progress Highlights

Community Outreach

Community information sessions are being held throughout the region. By the end of 2012, more than 50 such sessions are expected to have helped highlight this important project.

Backbone

When completed, EORN will include a scalable network of 5,500 kilometres of new and existing fibre connected by new generation high-speed switches in 160 Points of Presence (PoPs). In all, only 520 kilometres of new cable will need to be laid. Each PoP will have a network capacity of 10 Gbps and will be scalable to 100 Gbps as demand grows.

Bell/Bell Aliant is investing \$23 million directly into the fibre optic network.

Construction of the backbone is well underway, with more than 60 of the 160 new Points of Presence in service. Already 313 kilometres of new optical fibre has been laid – about 60 per cent of the total new cable.

Access

As well, Internet service providers can bid and receive funding to improve and add new broadband infrastructure. In order to organize the process, Eastern Ontario has been divided into 15 different coverage zones. Separate Requests for Proposal will be issued to operate and provide Internet access to consumers and businesses in each zone. These “last mile access” contracts will be in place for at least the next 14 years, the term of the project. As such, successful partners will be required to have the financial capacity to complete the project and carry it forward for the term of the contract.

EORN is committed to an open access policy. This means that Internet service providers will all have the option to buy transport bandwidth at the same competitive price, in order to create a level playing field.

Proposals to provide local Internet access are evaluated on a number of criteria, including:

- The geographic reach and number of households reached by the proposal;
- The speeds and bandwidth that will be achieved;
- Competitive consumer pricing that closes the urban/rural price gap and provides residents with maximum choice;
- Financial investment required by EORN; and,
- The infrastructure investment to be made by the company.

The 15 geographic areas, which do not follow municipal or county lines, are based on Bell Aliant's fibre optic network. As that network is built, Requests for Proposals are being issued for the local access piece.

EORN staff is available to meet with municipal, provincial and federal officials who would like more information on these local access contracts as they pertain to their own jurisdictions.

Satellite

Internet access via satellite technology will be used in areas with low population density or where difficult topography means that neither wired nor wireless options are possible. For example, valleys or trees may block the "line of sight" to fixed wireless towers. In very sparsely populated areas, satellite is simply the most cost-effective means of delivering high-speed Internet services.

Improved and more affordable satellite services are currently available through Xplornet Communications Inc. Residents can find out more about available options by contacting any of the company's dealers across the region or locating a dealer on www.Xplornet.com.

Next Generation Satellites

On October 19, 2011 a new high-throughput satellite was launched. Xplornet Communications Inc. is a partner in the satellite and is gearing up to offer its new suite of Internet services for customers across Eastern Ontario by January 31, 2012. The new satellite will give customers service package options never before available. This 4G satellite network represents a major leap ahead in advanced technologies. It will be able to deliver significantly more capacity to the subscriber, which has become essential to a successful subscriber experience.



Pricing

Consumer pricing will vary depending on which technology a resident can access.

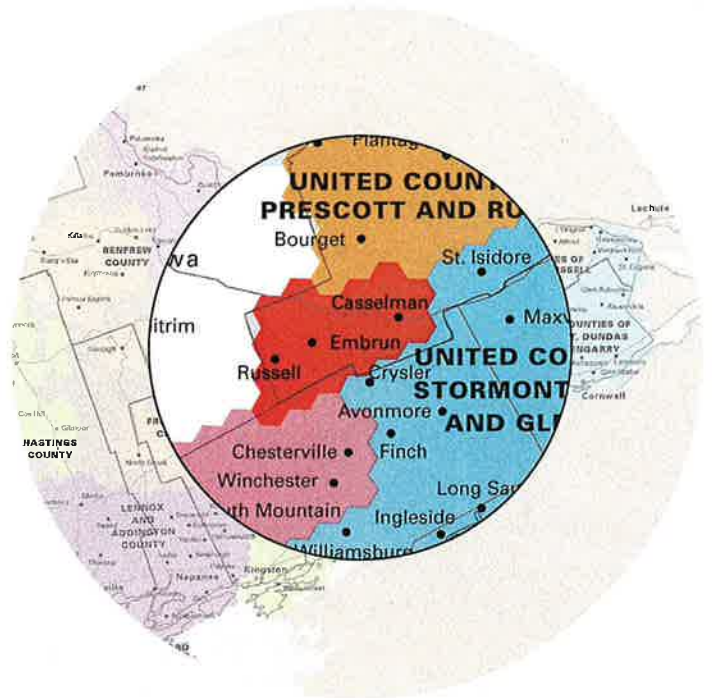
Wired or DSL technology is the least expensive in terms of monthly cost, but has physical limitations in terms of its reach. Fixed wireless and satellite technologies are more costly, but are able to reach households and businesses that would not otherwise have high-speed access. That is why a mix of technologies will be critical to fulfilling EORN's mission.



Local Access

Expanding Coverage

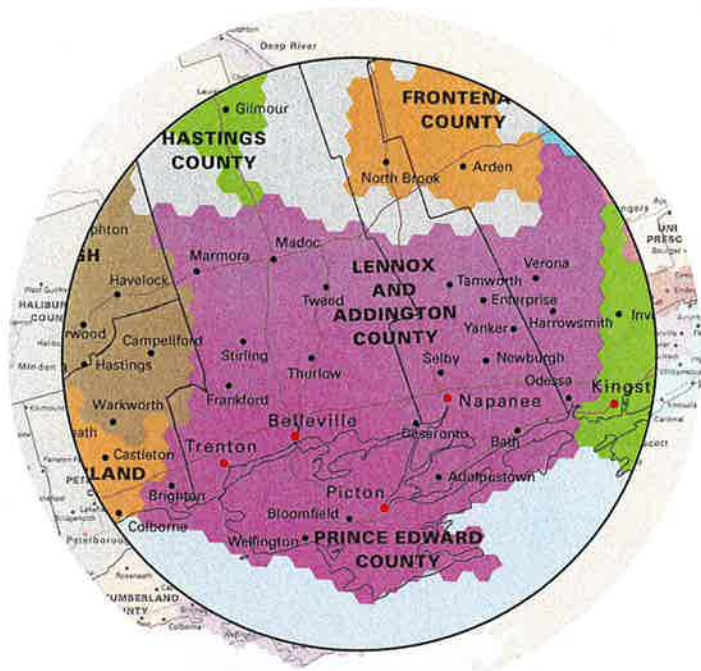
Thus far, local access contracts have been signed for three of 15 zones and high-speed access has gone live in one. Subsequent Requests for Proposals are at various stages and contracts with Internet service providers are expected to be completed over the next six months.



Embrun Zone

The first of seven Requests for Proposals covering the 15 geographic access areas was awarded this summer to Xplornet Communications Inc. for the Embrun zone, which encompasses an area in the southwest of the United Counties of Prescott and Russell. Wireless high-speed access became available in the zone in December 2011, five months ahead of schedule.

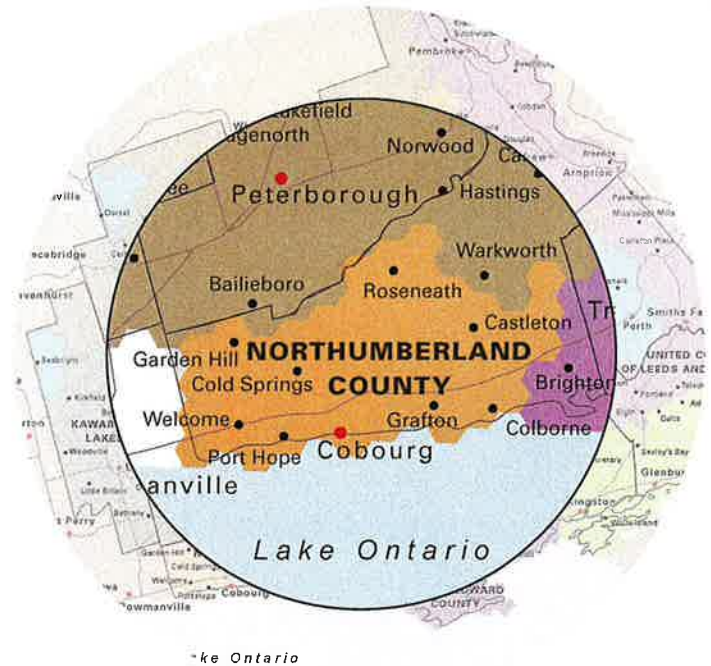
- As part of the contract, Xplornet expanded its fixed wireless network to reach a 500 square-kilometre region. The project uses a dozen water towers, silos and communications towers to deliver wireless broadband throughout the area.
- The service covers more than 8,000 homes and businesses in the area around Embrun, Ontario.
- The contract provides pricing comparable to urban offerings and better than average price for similar technology in the region. Packages ranging from 1.5 Mbps to 10 Mbps will be available. The 10 Mbps offering is a major leap forward for consumers, particularly in the rural areas.



Quinte-Loyalist Zone

EORN also signed its second local access contract with Xplornet for the Quinte-Loyalist zone, which includes areas of Prince Edward County and the southern half of Hastings, Frontenac and Lennox and Addington Counties. It is one of EORN's most populous zones.

- The contract will allow nearly 80,000 homes and businesses in the 7,000 square-kilometre area to connect wirelessly to high-speed Internet by fall 2012. As in the Embrun zone, a variety of packages designed to meet consumer needs will be offered, including a 10 Mbps package for the first time.
- The contract features state-of-the-art technology to ensure customers get the best quality service possible with minimal interference.
- The service will be available by fall 2012.



Northumberland Zone

In December, EORN signed a contract with Xplornet for the Northumberland Zone. Xplornet has designed a solution that will provide a substantial proportion of the region with speeds of up to 10 Mbps. The zone includes most of Northumberland County, encompassing 1,300 square kilometres and about 20,000 households.

- Xplornet will provide fixed wireless access from 20 towers, including nine to be newly built. Of the new structures, six are in the 401 corridor. It will use four of the EORN PoPs located in Welcome, Cold Springs, Roseneath and Colborne.
- The contract features state-of-the-art technology to ensure customers get the best quality service possible with minimal interference.
- The service will be available by fall 2012.



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