

YEAR IN REVIEW 2010



 **Northwestel**
Bringing us together.

nwtel.ca

NORTHWESTEL 2010

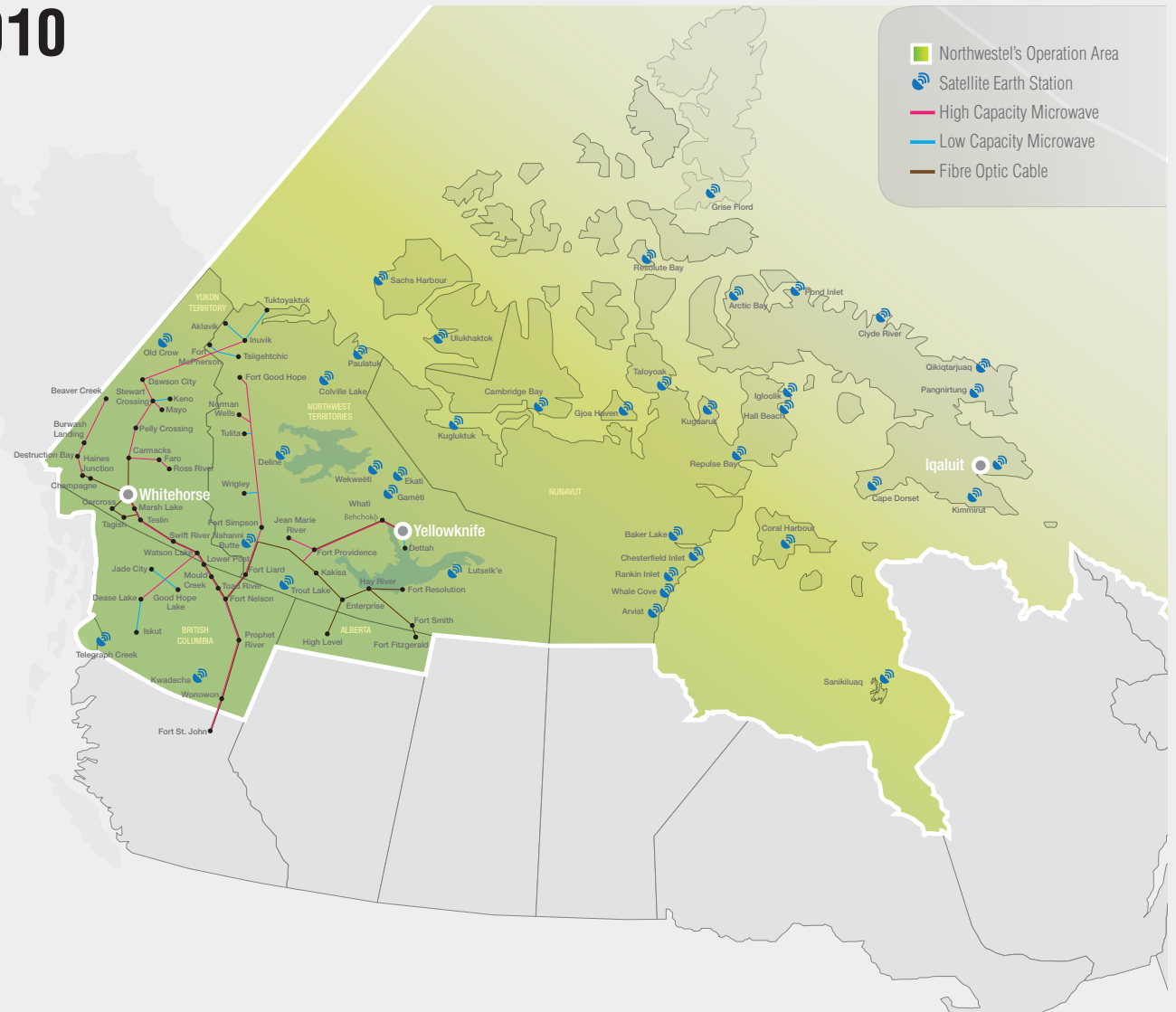
Northwestel provides complete telecommunications solutions and entertainment services for the 115,000 residents of the Northwest Territories (NWT), Nunavut, Yukon, northern British Columbia (BC) and two communities in northern Alberta. The company's operations span nearly 4 million square kilometres of the most remote and rugged areas of Canada. All of the company's nearly 600 employees are northern residents. Northwestel is a wholly-owned subsidiary of Bell Canada.

OUR MISSION

To be the preferred supplier of high-value communications solutions to northern customers for their advantage and enjoyment.

OUR VALUES

- Customer loyalty
- Innovation
- Teamwork
- Excellence
- Employee fulfillment
- Integrity
- Community commitment



MESSAGE FROM THE PRESIDENT AND CEO



At Northwestel, 2010 has been an exceptional year in terms of what our company has accomplished. The past twelve months have been a time of change and challenge, with our focus remaining always on our ongoing transition to *One Northwestel*. This effort began

in 2006, in order to simplify and unify our company's organizational structure, operations and brands. Northwestel Inc. is now one legal and financial structure, with one consolidated budget, one collective agreement to cover all employees, one enterprise sales force to represent Northwestel in all business channels and for all products and services, and consolidated retail locations in our communities. We are confident that this initiative continues to increase customer satisfaction, improve our work environment and ensure that we are the best choice in the North for television, Internet, voice, cellular and business solutions.

Our accomplishments in 2010 have brought us a good deal closer toward the transformation of our company, but we continue to face challenges. Throughout the past year, we have worked hard to listen and respond to our customers, resulting in new Internet packages, a new tool for monitoring Internet usage and improvements to network performance. We also accelerated efforts to complete alternate routing for telecommunications traffic, to reduce the likelihood of service disruptions. Another large investment was in

the next generation satellite data communication network to replace the outdated current satellite technology and improve our services provided in our most remote communities.

2010 saw a considerable expansion of our cellular and High Speed Internet service areas. We installed, expanded or upgraded cellular and Internet services in many communities across Northern Canada, which is a great benefit to our customers.

Northwestel has made great strides this year by completing many complex projects which resulted in an overall capital investment of \$41.3 million in 2010. This was possible largely through the hard work, energy, knowledge and innovation of our employees. We thank them for their efforts to achieve success in all six of our strategy areas, detailed below.

INTERNET, INTERNET PROTOCOL AND DATA

The Internet, Internet Protocol (IP) and Data portion of Northwestel's business continues to grow in significance. For example, Internet usage amongst northerners continues to climb by approximately 10 per cent a month. With faster Internet connections and the availability of more video and High Definition TV content, customers are finding more and more ways to use their Internet connection for work, business and entertainment. In response, we have been working to improve our Internet

service to make it a better product for customers and to improve our internal processes.

In recognition of the trend towards increased usage, Northwestel made some changes to its Internet products. We improved our Internet packages for business and residential customers, introducing higher usage allowances on some residential and business DSL Internet accounts and launching two new Cable Internet packages, one for residential and one for business customers, with higher download speeds. Also, we introduced a free tool for monitoring Internet usage, designed to help customers avoid accidentally exceeding their monthly usage allowance.

We also launched High Speed Internet in four more communities: Wha Ti, Tsiigehtchic, and Tulita, in the NWT, and Iskut in northern British Columbia. In addition, Northwestel upgraded Internet service in Old Crow, in collaboration with the Vuntut Gwitchin First Nation, the Government of Canada and the Yukon government. This is another example of how partnerships can enable Northwestel to continually improve our services for the benefit of our customers.

Email is an important Internet service that northerners have come to rely upon. To improve the security, functionality and capacity of Northwestel's webmail service, we completed a major service update to our email platform early in 2010.

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MESSAGE FROM THE PRESIDENT AND CEO

VIDEO

An exciting development in the Video segment of our business was the acquisition of *Fort Smith Cable*. We have begun a \$2.1 million upgrade to the cable infrastructure in Fort Smith to allow for new services never before available in the community, including Cable High Speed Internet and digital television services. Northwestel's new digital television service includes features such as digital video recording, high definition channels (HDTV) and pay-per-view services for movies and sporting events.

Other significant developments within our television services include the launch of an exciting new choice in sports broadcasting. A new national sports channel, *Rogers Sportsnet ONE*, was introduced in *Yellowknife*, *Whitehorse*, *Fort Nelson* and *High Level*, in both High Definition and Standard Definition. We also continued to expand our Video On Demand (VOD) library in terms of both its quality and content, including High Definition VOD.

Our cable TV customers also began to see the results of upgrades made in 2009 to the software and hardware for our community channels in *Whitehorse* and *Yellowknife*. Increased programming began broadcasting in both cities. In addition, the *first-ever Northwestel Community Cable 9 Video Contest* was held to provide a new way for emerging northern film-makers to promote and share their work.

WIRELESS

2010 saw expansions of Latitude Wireless service to several areas of Yukon, in response to requests from our customers for increased service availability. Working together with the Yukon government, which provided financial assistance to complete the expansion, we launched cellular service in the *Ibex Valley*, the *Watson Lake Airport*, the *Dawson City Airport and residential areas south of Dawson City*. These expansions provide more Yukoners with the convenience and increased personal safety that go along with access to wireless technology.

Latitude Wireless also reached a major milestone in 2010 by launching its first 3G site in Yukon. Customers are now able to access the speed and convenience of 3G services in the Marsh Lake area, south of Whitehorse.

In Nunavut, we launched *mobility service in Pond Inlet*, giving residents of the community a new way to stay connected with family, friends, business and work colleagues, and customers or clients. Pond Inlet became the sixth community in Nunavut to receive cellular service.

CUSTOMERS

Our customers are a key influence at Northwestel. We strive to respond quickly to deal with their requests or concerns and improve overall customer experience. Our locally operated contact centres in *Iqaluit*, *Yellowknife* and *Whitehorse* are open extended hours to meet customer needs.

In 2010, we responded to customer concerns with service disruptions after fibre cuts, unrelated to Northwestel operations, occurred south of our operating area. A key part of our response was to accelerate the completion of alternate routing for telecommunications traffic. This *network reliability project* invested \$9 million in a new fibre link along the Liard Highway in the Northwest Territories, providing an alternate route and improved reliability in case of future fibre damage.

We also launched our new *Internet usage notification tool* to help customers who asked for a better way to manage and control usage charges.

In *Iqaluit*, we introduced new Internet caching servers, to respond to customer desire for improved Internet performance.

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MESSAGE FROM THE PRESIDENT AND CEO

In early 2010, we celebrated the launch of our latest joint venture with a First Nation partner to serve the resource sector, *Waterways Communications*. We continue to work with various partners to meet specific customer needs through ongoing joint ventures.

- **Waterways Communications Inc.** is a partnership of Northwestel and the Fort Nelson First Nations that is uniquely positioned to offer a full suite of communications products and services to resource companies operating in the Horn River Basin. These services include advanced data and voice services, using new state-of-the-art microwave facilities built in the Horn River Basin.
- **Tahltan River Communications Inc.** provides voice, Internet and data services that are comprehensive, reliable and cost-efficient to resource companies operating in the traditional territory of the Tahltan people (northwestern British Columbia). It is a partnership of Northwestel and the Tahltan Nation Development Limited Partnership.
- **Tundra Communications Inc.** delivers top-tier telecommunications solutions to companies operating in the Inuvialuit Settlement Region. It is a partnership between Northwestel and the Inuvialuit Development Corporation.

- **Latitude Wireless Inc.** is a partnership between Northwestel and the Dakwakada Development Corporation, the business arm of the Champagne and Aishihik First Nations. It is dedicated to the ongoing ownership, maintenance, delivery and improvement of Yukon's wireless service.
- **ARDICOM Digital Communications Inc.** is a partnership between Arctic Cooperatives Ltd., Northern Aboriginal Services Company and Northwestel that provides data, IP and video conferencing solutions over satellite and terrestrial networks to the Northwest Territories, Nunavut and parts of Yukon.

Northwestel also works to meet customer needs through our community investment program and our community partnerships. 2010 was a busy and exciting year, with a highlight being our commitment of \$250,000 to become the first major private sector sponsor for the Whitehorse Arctic Winter Games 2012. We also signed a major multi-year sponsorship agreement with Sport North in the Northwest Territories and continued our ongoing participation in hospital fundraising efforts in Yukon and the NWT. In late 2010, we renewed our commitment to the Yukon Hospital Foundation with a sponsorship agreement that will be worth another \$450,000 over five years.

We also participated in National Aboriginal Day and Nunavut Day celebrations in a total of eight communities in Yukon, NWT, northern BC and Nunavut. In addition,

Northwestel sponsored numerous festivals and events across our operating area.

Our annual *Northern Futures Scholarship program* is another initiative that works to support northerners and northern economic development through scholarships to students pursuing post-secondary education. Five scholarships are available exclusively to aboriginal students. Scholarship recipients must be studying in one of four areas: telecommunications, computer science, electrical engineering or business/commerce. The Northern Futures program also ties into the development of our employees as we work to provide mentoring and employment opportunities for scholarship recipients.

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MESSAGE FROM THE PRESIDENT AND CEO

EMPLOYEES

At Northwestel we recognize that our over 600 employees are our most important asset. In 2010, we continued to focus on developing and engaging employees. One example of this is the annual Employee Survey, which helps us learn from the experience of our employees. After analyzing the results of the 2010 survey, we are proud to report that our annual Employee Value Index rose by three per cent, which shows that our employees are feeling more positive and engaged in their work.

We are also very pleased that the company, together with the International Brotherhood of Electrical Workers (IBEW), was able to implement a more proactive, collaborative and efficient approach to collective bargaining, which allows us to resolve issues as they arise. We established working committees, comprised of unionized and non-unionized employees, which are focused on identifying opportunities for improvement. They have been so successful that they will be maintained for the coming year to help us continue to improve conditions for effectiveness across the company.

This year, Northwestel achieved COR™ safety certification in Yukon, making it the first northern company to do so across all three territories, another step forward in our ongoing focus on employee health and safety. The Certificate of Recognition program is a nationally-

recognized occupational health and safety accreditation aimed at reducing the human and financial costs associated with workplace accidents and injuries. We are also working to complete our COR™ certification in British Columbia in early 2011.

Northwestel has a significant community investment program that works to contribute to the well-being of the communities that we serve. We are proud that our employees have a similar sense of commitment to support northern communities, volunteering their efforts for a wide variety of causes. For example, our 2010 Volunteer Involvement Fund provided more than \$13,000.00 in Northwestel donations to 33 northern charities and non-profit groups to recognize and support the thousands of hours of volunteer work done by Northwestel employees. As well, our employees participated once again in the annual United Way campaign through the payroll deduction program and other fundraising activities. In addition, employees continue to volunteer each year to take part in the Northwestel Head Shave to benefit the Canadian Cancer Society.

Northwestel recognized the contributions of our employees in 2010 through the presentation of 91 Long Service Awards, as well as 5 Values at Work Awards (and 4 Honourable Mentions) in the categories of Customer Loyalty, Innovation, Teamwork, Excellence, Integrity, Community Commitment, Employee Fulfillment and Health & Safety.

OPERATIONAL EXCELLENCE

Early in 2010, Northwestel was very proud to receive the ITIL Project of the Year award from Pink Elephant, the IT Management Experts, for the Northwestel IT Initiative. This award is presented to an organization that has shown a significant commitment to the ITIL (Information Technology Infrastructure Library) set of best practices for IT service companies.

Through our Business Systems Evolution (BSE) initiative, we moved ever closer throughout 2010 toward our goal of *One Northwestel*, which will give customers a more stream-lined and simplified experience with our company. We also completed the transition to a new Customer Care and billing system (Suite Solution) for our wireless services, a significant step toward the 2011 integration of all services on one bill, the foundation of *One Northwestel*.

In addition, we launched Cable Home Phone (digital telephone service) in our Whitehorse cable television plant. This will allow for a city-wide roll-out of this innovative telephone technology in 2011, providing customers with a single bill, and flat rated long distance plans. This is another key element of *One Northwestel*, because it will offer customers the option of one convenient bill and point of contact for the telephone, Internet and cable television services.

Northwestel's continuing emphasis on environmental initiatives led to another successful year for the company's directory recycling program. In 2010, Northwest Territories



MESSAGE FROM THE PRESIDENT AND CEO

schools collected more directories for recycling than in any other previous year. In Yukon and northern British Columbia, a record-breaking number of schools took part in the program, earning the highest amount of donations from Northwestel in the program's history.

AS A FINAL NOTE...

The telecommunications environment and the needs of our customers are changing rapidly. To address these changes Northwestel will focus on three key areas in the coming year and beyond: business transformation through the Business Systems Evolution program (BSE); increased reliability of our IP, Video and Wireless networks; and increased focus on improving customer experience with Northwestel. To enable us to focus on these areas, we designed a number of organizational changes in 2010 at the executive and senior management level. They will be implemented in 2011, to better prepare Northwestel for the future.

As we work to transform Northwestel, it must be acknowledged that change itself can be challenging, for our customers, our employees and our leaders. Even as we work to bring service improvements to our customers, we know that these changes can bring problems or challenges. With this in mind, we strive to work with the customer experience as our priority, and ensure that we have done everything possible to minimize negative impacts when changes are underway.

Before closing, I'd like to acknowledge the work of

outgoing Northwestel board member Frank Hansen, a long-time Inuvik businessperson who served Northwestel as a director for more than two decades. We're grateful for his many contributions over the years.

Our achievements throughout 2010 have been multi-faceted, calling on the skills and dedication of employees in all areas of the company. As we move into 2011, we will work to bring the same team spirit to everything we do, with the interests of our customers in mind at all times.



Paul Flaherty

President and Chief Executive Officer

2010 HIGHLIGHTS

JANUARY

- Northwestel and Latitude Wireless work with Yukon Amateur Hockey Association to sponsor [Yukon Hockey Challenge](#) in Whitehorse
- Northwestel and Fort Nelson First Nation celebrate the formation of their new joint venture, [Waterways Communications](#), to serve the Horn River Basin in northern BC
- Northwestel completes major [service upgrade on its email platform](#)

FEBRUARY

- Northwestel and Bell Mobility augment Internet and cellular facilities to minimize network congestion during [G7 Summit in Iqaluit](#), the first ever to be held in the North
- [Northwestel receives ITIL Project of the Year award](#) from *Pink Elephant, the IT Management Experts*, for the Northwestel IT Initiative

MARCH

- [Latitude Wireless expands cellular service to the Ibex Valley](#) area of Yukon, with financial assistance from the Yukon government

APRIL

- Northwestel and its employees work together to raise \$7000 for the Canadian Cancer Society through the annual [Northwestel Head Shave](#)
- [Latitude Wireless expands cellular service to the Watson Lake Airport](#) area of Yukon, with financial assistance from the Yukon government

LINKS

For more information about our 2010 projects and announcements please visit

<http://www.nwtel.ca/media-room/current-press-releases>

2010 HIGHLIGHTS

MAY

- Northwestel announces a record-breaking year for its 2009 [Volunteer Involvement Fund](#), as over \$12,000.00 in donations go to 26 charities and non-profit groups
- Northwestel announces \$20,000.00 in scholarship awards to eight outstanding post-secondary students in the [2009-2010 Northern Futures Scholarship Program](#)
- Schools in the NWT collect 7,078 out-dated telephone directories, more than ever before, in the 2010 [NWT directory recycling program](#)

JUNE

- [Northwestel and Sport North sign multi-year sponsorship agreement](#)
- A record-breaking number of schools (28) take part in the [2010 Yukon and northern BC](#) directory recycling program, raising nearly \$18,000.00, the highest amount in the program's history

JULY

- Northwestel achieves [COR™ safety certification in Yukon](#)
- Northwestel launches [Internet Usage Notification Service](#)
- First-ever [Community Cable 9 Video Contest](#) is launched, as part of Whitehorse Community TV revitalization and upgrade project

AUGUST

- [Northwestel addresses network reliability](#) by announcing accelerated fibre optic cable network expansion to increase service capacity

2010 HIGHLIGHTS

SEPTEMBER

- Northwestel purchases [Fort Smith Cable](#)
- Northwestel launches [mobility services in Pond Inlet](#)
- Northwestel introduces [High Speed Internet service in Wha Ti](#)
- Northwestel launches [improved Internet packages](#) to business and residential customers
- Rob McCullough is welcomed as Northwestel's [new associate director for northern Alberta](#)
- New Internet caching servers introduced in Iqaluit to improve Internet performance

OCTOBER

- Northwestel and its employees start their fundraising efforts and together raise more than \$20,000.00 for [United Way Society of the Yukon](#) (final contribution amount announced in December, 2010)

NOVEMBER

- Northwestel becomes first major private sector sponsor for the [Whitehorse Arctic Winter Games 2012](#) with \$250,000 sponsorship announcement
- Northwestel launches [Rogers Sportsnet ONE](#) digital TV channel in High Level, Fort Nelson, Whitehorse and Yellowknife
- Northwestel renews [sponsorship of Yukon Hospital Foundation](#) with 5-year agreement to contribute \$450,000.00, which will bring total commitment to over \$1 million
- Opening of new [Latitude Wireless kiosk](#) in downtown Whitehorse
- Northwestel begins \$1.5 million [upgrade of cable infrastructure in Fort Smith](#) to facilitate High Speed Internet and digital TV

DIRECTORS

NORTHWESTEL BOARD OF DIRECTORS

● Louise Vertes,
Yellowknife, NT

● Rob Hunt,
Calgary, AB

● Helen K. Klengenberg,
Iqaluit, NU

● Terry Mosey,
Chairman of the Board, Oakville, ON

● Piers McDonald,
Whitehorse, YT

● Frank Hansen,
Inuvik, NT

● Richard I. Hardy,
Atlin, BC

● Andrew Smith,
Toronto, ON

● Colette Nemni,
Mississauga, ON.
(resigned in May 2010) replaced by...

● Charles Brown,
Toronto ON in September 2010

2010 HIGHLIGHTS

DECEMBER

- Northwestel announces \$25,000.00 in scholarship awards to ten outstanding post-secondary students, as part of the [2010-11 Northern Futures Scholarship Program](#)
- Northwestel partners with federal and Yukon governments to bring [High Speed Internet to Old Crow](#)
- [Latitude Wireless expands service to Dawson City Airport](#) and residential areas south of community, with financial assistance from the Yukon government

For a complete list of Northwestel Media Releases please visit www.nwtel.ca/media-room.

OFFICERS

NORTHWESTEL OFFICERS

- Paul Flaherty, President and CEO,
Whitehorse, YT
- Jason Bilsky, Chief Financial Officer/ Vice
President, Corporate Services
Whitehorse, YT
- Terry Mosey, Chairman of the Board,
Oakville, ON
- Curtis Shaw, Vice President,
Consumer and Small Business,
Yellowknife, NT
- Leslie McRae, Corporate
Secretary to the Board
Whitehorse, YT
- Mark Walker, Vice President,
Business Solutions,
Yellowknife, NT
- Don Pumphrey, Vice President,
Information and Technology Management,
Whitehorse, YT
- Barb Szabo, Vice President,
Customer Experience,
Yellowknife, NT



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