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12/22/88

AN ORDINANCE **68561**

CONSENTING TO THE TRANSFER OF CONTROL OVER
THE CABLE TELEVISION FRANCHISE TO KBL CABLE,
INC.

* * * * *

WHEREAS, by Ordinance No. 49433 finally passed and approved by the City Council on September 7, 1978, the City of San Antonio (hereinafter called City) granted a franchise to UA-Columbia Cablevision of Texas, Inc. to construct and operate a cable television system within the City, said ordinance having been subsequently amended; and

WHEREAS, such a system was constructed and operated in accordance with such franchise, but Rogers U.S. Holdings Limited (Rogers), a Canadian Corporation, through its United States holding companies, subsequently acquired control of UA Columbia Cablevision of Texas, Inc. and assumed control of and responsibility for the San Antonio cable television system and guaranteed performance under the franchise agreement; and

WHEREAS, Rogers has entered into a stock purchase agreement with KBL Cable, Inc., a Texas corporation, concerning transfer of the cable television operation in San Antonio to KBL Cable, Inc.; and

WHEREAS, KBL Cable, Inc. is a wholly owned subsidiary of KBL COM, Incorporated, a Texas Corporation; and

WHEREAS, pursuant to the terms of a Buyer Agreement entered into on December 15, 1988, by and between the City, KBL Cable, Inc. and KBLCOM, the parties have agreed, among other things, that KBLCOM's interest will guarantee performance under the franchise agreement; and

WHEREAS, Rogers has submitted documents to the City Clerk which show that such a transfer will take place, and the City Clerk has notified the City Council of receiving such documents; and

WHEREAS, a public hearing has been held by the City Council on the proposed transfer, with notice having been given in accordance with Section 6 of the franchise ordinance; and

WHEREAS, Rogers and the City have had various outstanding legal claims and have had different interpretations of the franchise agreement, but a settlement has been reached concerning these points in controversy, as evidenced by the December 15, 1988, settlement agreement which has been entered into, and which calls for certain actions to be taken by the parties; and

WHEREAS, the City has received and studied requested information concerning KBL Cable, Inc. and KBLCOM, Incorporated and believes that these companies could adequately provide cable television service in the City and could carry out the terms of the franchise ordinance; NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. In accordance with Section 6 of the franchise agreement, Ordinance No. 49433 of September 7, 1978, the City Council hereby grants its consent to the transfer of control of the franchise to KBL Cable, Inc.

SECTION 2. This ordinance is subject to the terms of the Settlement Agreement dated December 15, 1988, entered into between the City and Rogers Cablesystems of the Southwest, Inc., and Rogers U.S. Holdings Limited, and the terms of the Buyer Agreement dated December 15, 1988, by and between the City of San Antonio, KBL Cable, Inc., and KBLCOM, Incorporated concerning certain matters in controversy pertaining to the cable television franchise and transfer of control over the franchisee, and shall become effective as provided for therein.

PASSED AND APPROVED this 21st day of December, 1988.

Henry Cisneros
M A Y O R

ATTEST:

Anna Rodriguez
City Clerk

APPROVED AS TO FORM:

Wm Farley
City Attorney

88-55

EXHIBIT "A"
Page 1 of 3

REAFFIRMATION OF ACCEPTANCE AND GUARANTY

TO THE CITY OF SAN ANTONIO (the "City")

KBLCOM INCORPORATED ("KBLCOM"), its successors and assigns, by and through the undersigned duly authorized officer, does hereby reaffirm the unconditional acceptance of the terms and conditions of the cable television franchise ordinance as approved on third reading September 7, 1978, by the City Council of the City, granting a franchise to UA-COLUMBIA CABLEVISION OF TEXAS, INC. to construct and operate a cable television system within the City of San Antonio as subsequently amended, modified, and renewed by Ordinance Numbers 50237, 63971, 64282, 65242, 65243, 68380, 68381 and _____ (the "Franchise"). KBLCOM hereby agrees to guarantee the obligations and undertakings of its indirect wholly-owned subsidiary corporation, ROGERS CABLESYSTEMS OF THE SOUTHWEST, INC.) ("Rogers S.W."), which is presently the franchisee, and any successors in interest to the franchisee, under such franchise ordinance, and agrees to perform, in the event of default by franchisee.

This Reaffirmation of Guaranty is executed subject to the provisions of Section 6 of Article I and Article II of that Buyer

EXHIBIT "A"

Page 2 of 3

Agreement dated December __, 1988, among KBLCOM, KBL Cable, Inc.,
and the City and Section 3 of Article VII of that Settlement
Agreement dated December __, 1988, among the City, Rogers S.W.,
and Rogers U.S. Holdings Limited.

EXECUTED this ____ day of _____, 198__.

KBLCOM INCORPORATED

By: _____
Name: _____
Title: _____

EXHIBIT "A"
Page 3 of 3

STATE OF _____)
COUNTY OF BEXAR)

Before me, the undersigned authority, on this day personally appeared _____, _____ of KBLCOM Incorporated, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated as the act and deed of the corporation.

Given under my hand and seal of office on this _____ day of _____, 198__.

My Commission Expires:

Notary Public, State of Texas

(Print, type or stamp name of
Notary)

LAW OFFICES OF
SAWTELLE, GOODE, DAVIDSON & TROILO

ROBERT SAWTELLE (1919-1983)
JOHN GOODE
JOHN W. DAVIDSON
ARTHUR TROILO
THOMAS H. PETERSON
TERRY TOPHAM
RICHARD W. WOLF
STEPHEN P. ALLISON
RUSSELL S. JOHNSON
JOSEPH CASSEB
CHEREE TULL KINZIE
EDWARD L. KURTH
FRED R. JONES
R. GAINES GRIFFIN
G. WAYNE CHOATE
RICHARD E. HETTINGER
THOMAS G. ROBINS
GLENN A. REED
BOB KAHN

A PROFESSIONAL CORPORATION
TWO SASA CENTER
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THOMAS A. McRAE
RUBEN R. BARRERA
RICHARD G. JENKINS
C. DAVID KINDER
FELICE G. SIEFFERT
ARTHUR C. TROILO III
DONALD D. GAVLICK
ELIZABETH J. LINDELL
KYLE C. WATSON
GILBERT VARA, JR.
MARY MISHTAL

OF COUNSEL
JOHN E. CLARK
CARROLL W. SCHUBERT

October 21, 1988

CONFIDENTIAL - HAND DELIVERY

Ms. Norma Rodriguez
City Clerk
City of San Antonio
City Hall
San Antonio, Texas 78205

Mr. Lou Fox
City Manager
City of San Antonio
City Hall
San Antonio, Texas 78205

Dear Ms. Rodriguez and Mr. Fox:

On behalf of Rogers Cablesystems of the Southwest, Inc., you have previously been provided with copies of the Stock Purchase Agreement between KBL Cable, Inc. and Rogers U.S. Holdings Limited which will, when consummated, effect transfer of control of Rogers Cablesystems of the Southwest, Inc. under and subject to the provisions set out in that Stock Purchase Agreement.

While it has always been Rogers' position that approval by the City of such a transfer of control is not required under the provisions of Section 6 of Ordinance No. 49433 (the cable television franchise), Rogers is, nevertheless, hereby voluntarily, without waiver of any of its rights under any other

Ms. Norma Rodriguez
Mr. Lou Fox

2.

October 21, 1988

proposed or actual agreements, giving you notice of the proposed stock purchase described in the enclosed Stock Purchase Agreement.

Yours very truly,



Arthur Troilo
Attorney for Rogers Cablesystems
of the Southwest, Inc.

AT/mam
4/72
Enclosures

cc: Mr. Lloyd Garza
City Attorney
City of San Antonio

BUYER AGREEMENT

86 DEC 15 PM 9:06

THIS AGREEMENT is made this 15th day of December, 1988,
by and between:

1. City of San Antonio, Texas, a home rule city organized under Texas law (the "City"), acting through its City Manager; and
2. KBLCOM Incorporated ("KBLCOM"), a Texas Corporation, and KBL Cable, Inc. ("KBL"), a Texas Corporation (collectively referred to as "Buyer").

WITNESSETH:

WHEREAS, on September 7, 1978, the City adopted Ordinance No. 49433 granting a franchise to UA-Columbia Cablevision of Texas, Inc. ("UA-Columbia") to construct and operate a cable television system within the City of San Antonio (City Ordinance No. 49433 along with City Ordinance Nos. 50237, 63971, 64282, 65242 and 65243 are collectively referred to as the "Franchise Agreement"); and the Franchise Agreement is currently held by Rogers Cablesystems of the Southwest, Inc., a Minnesota Corporation (hereinafter referred to as "Franchisee" or "RCS") which is currently the Franchisee; as used herein "Franchisee" shall refer to the person or entity holding, from time to time, right to operate under the San Antonio cable television

franchise, Ord. No. 49433, as amended, modified, renewed or transferred; and

WHEREAS, Rogers U.S. Holdings Limited, a Canadian Corporation ("Rogers") through its United States holding companies, including RCA Cablesystems Holding Co., a Delaware Corporation ("RCACH"), currently controls Franchisee, and one of those holding companies has expressly assumed responsibility for the San Antonio cable television system and guaranteed performance under the Franchise Agreement; and

WHEREAS, KBL and Rogers have entered into a Stock Purchase Agreement dated August 9, 1988 ("Stock Purchase Agreement"), and upon the "Closing Date" as defined therein there would be effectuated a transfer of control of RCS, including the franchise rights and obligations under the Franchise Agreement, to Buyer; and

WHEREAS, City, Rogers and Franchisee have entered into a Settlement Agreement ("Settlement Agreement") of even date herewith; and

WHEREAS, the parties acknowledge that the execution of this Buyer Agreement is an inducement to the City to enter into the Settlement Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the signatories, intending to be legally bound, do hereby agree as follows:

ARTICLE I.
SETTLEMENT PAYMENT

1. City and Buyer mutually agree that the "Settlement Payment" (as defined in the Settlement Agreement) is not intended to be and does not constitute a franchise fee as that term is defined by the Cable Communications Policy Act of 1984, 47 U.S.C. 521, et seq. ("Cable Act") or elsewhere; and that the Settlement Payment will have no effect on franchise fee payments required under the Franchise Agreement, the "Franchise Modification" or the "Franchise Renewal" (as those terms are defined in the Settlement Agreement). Buyer acknowledges that, notwithstanding any other provision of this Agreement or the Settlement Agreement, Franchisee's obligation to pay a franchise fee to the City based on its gross annual revenues (as defined in the Franchise Agreement) will not be diminished as a result of receipt by the City of the Settlement Payment.

2. It is acknowledged that the Settlement Payment constitutes a sum paid to the City to compensate it for the resolution of certain disputes between the parties to the Settlement Agreement concerning the Franchise Agreement.

3. Buyer understands that Rogers, the Franchisee and the City have agreed that the Settlement Payment is not a payment in return for renewing, extending, transferring or issuing a cable television franchise.

4. Buyer agrees that pursuant to the Settlement Agreement, the City is legally entitled to the Settlement Payment and that neither Buyer nor any entity controlling or controlled by Buyer will institute any legal challenge to the City's entitlement to the Settlement Payment. In the event any legal challenge to the City's Settlement Payment results in the payment or credit of the Settlement Payment to Buyer or any entity controlled by or controlling Buyer and its successors and assigns, such payment will be passed through to the City net of adverse tax effect to Buyer of the pass through. If Buyer is unable to effect such a pass through for reasons beyond its control, the parties agree to cooperate and take all reasonable steps, at no expense to Buyer, to remove the barriers and enable the pass through.

5. The Franchise Agreement, as may be modified, renewed and transferred pursuant to the Settlement Agreement, remains in effect and entitled to any grandfathered rights under the Cable Act until November 6, 1993, the original date of termination of the Franchise Agreement. Buyer and City agree that early renewal of the franchise as provided for in the Settlement Agreement is solely for the benefit and convenience of the Franchisee and should not operate to eliminate the right of the City to be grandfathered under the Cable Act until November 6, 1993.

Therefore, Buyer waives now and forever any legal right to claim that the City's grandfathered rights under the Cable Act expire prior to November 6, 1993. Buyer agrees that neither it, nor any entity controlling or controlled by Buyer, either jointly or individually, indirectly or directly, will challenge in any manner the status as grandfathered until November 6, 1993 under the Cable Act of the Franchise Agreement or the Franchise Renewal, nor will Buyer, or any entity controlled by or controlling Buyer, participate or voluntarily cooperate with any other person or entity in challenging such status. If it is ever held by any court or administrative decision that the Franchise Agreement as may be modified, renewed or transferred, or any provision thereof is unenforceable prior to November 6, 1993 because it is not grandfathered under the Cable Act (which if still grandfathered would be enforceable), and a definable dollar amount is received by Buyer, or any entity controlling or controlled by Buyer, then in that event, Buyer will pass through such dollar amount to the City reduced only by the net adverse tax consequence to Buyer.

6. With the exception of the express waiver of rights in other paragraphs of this Article I, nothing contained herein or in any document executed in connection herewith, or the fact of execution of this Agreement or any such document, shall be deemed a waiver of Buyer's or Franchisee's or City's rights under federal or state laws, including court decisions, or constitutions, including without limitation rights under the

Cable Act; and each agreement contained herein, other than those express waivers referred to above, and each document executed in connection herewith is made subject to a reservation of such rights. This reservation of rights shall not modify, enlarge or diminish any rights held by or that would have been held by Franchisee nor shall it modify, enlarge or diminish any rights held by or that would have been held by the City had this Agreement and the transactions contemplated by it and the Stock Purchase Agreement never taken place. Subject to the specific reservation of rights stated in this paragraph, Buyer states that it does not intend to challenge the legality of the franchise fee contained in the Franchise Agreement, at least until there is established a sufficient body of law with respect to the lawfulness of franchise fee requirements in cable television franchise agreements.

ARTICLE II.
GUARANTEE

Beginning on the Settlement Date (as defined in the Settlement Agreement) and throughout the life of the Franchise Agreement, KBLCOM or any successor to KBLCOM's interest in the direct or indirect control and in the assets of Franchisee shall guarantee the obligations of Franchisee by providing a guarantee in the form attached hereto as Exhibit "A." At the time of the delivery of its guarantee, on the Settlement Date (but not in connection with any other guarantee), KBLCOM shall deliver to the

City a balance sheet, certified by its chief financial officer as fairly presenting the financial condition of KBLCOM which reflects a total stockholder's equity in excess of \$250 million.

ARTICLE III.
INFORMATION

1. Buyer will provide the City, as soon as possible, and in any event no later than noon on December 12, 1988, such reasonable information as the City may request relating to Buyer's legal, financial, technical and other qualifications to construct, maintain and operate the City cable system.

2. Buyer is agreeing to supply the information provided in the foregoing paragraph at the request of the City and Rogers. The City has notified Franchisee and Buyer that the City has the right to approve the current and all future transfers of control of the Franchisee. Rogers, Franchisee and Buyer have notified the City that it does not have the right to approve the current or any future transfer of control of the Franchisee. Nothing in this Agreement or in the Settlement Agreement or any act taken in connection herewith or therewith including the supplying of information provided in the foregoing paragraph or execution by Franchisee of the Settlement Agreement shall operate to enlarge, diminish, waive or modify, and Buyer and Franchisee expressly reserve, any and all rights Franchisee or Buyer may possess to challenge the City's right to approve a future transfer of control. In proceeding with the process to approve the Franchisee

Transfer (as defined in the Settlement Agreement), the City expressly reserves any and all rights it may possess to require City approval for any future transfers of the Franchise Agreement or transfers of control of the Franchisee. Nothing in this Agreement or the Settlement Agreement or any act taken in connection with or under this Agreement or the Settlement Agreement shall operate to enlarge, diminish, waive or modify the City's, Buyer's or Franchisee's rights with respect to transfer approval.

ARTICLE IV.
TERMINATION OF OBLIGATIONS

This Agreement shall be null and void and the parties hereto shall have no further obligations hereunder if, on April 11, 1989,

(a) for any reason, any condition of Article V of the Settlement Agreement is not satisfied, or waived by Buyer and (b) the transfer of Common Stock under the Stock Purchase Agreement shall not have occurred, provided that date may be extended by mutual written consent of the parties. If this Agreement or the Settlement Agreement is terminated, Buyer agrees that no changes contemplated by the Franchise Modification, Franchise Renewal and Franchise Transfer shall take effect and the Franchise Agreement, including but not limited to the language in Section 21 of Ordinance No. 49433, shall remain as it presently exists and nothing in the Settlement

Agreement or this Agreement shall be construed so as to waive or modify the terms of the Franchise Agreement, including current Section 21 of the Franchise Agreement, as it presently exists or to otherwise avoid the purpose and intent of that recapture provision and its formula for valuation of the San Antonio cable television system.

ARTICLE V.
MISCELLANEOUS PROVISIONS

1. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Texas.

2. The signatories to this Agreement each represent and warrant that it has all requisite corporate or governmental power and authority to enter into and perform its respective obligations under this Agreement; that its execution, delivery and performance of this Agreement and the transactions contemplated have been duly authorized by all necessary corporate or other action; and that this Agreement constitutes a legal, valid and binding obligation of such party enforceable in accordance with its terms.

3. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. The signatories will cooperate and take such actions as may be necessary to carry out the provisions and purposes of this Buyer Agreement.

5. This Agreement shall not be assignable without the express written consent of the signatories.

6. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement and the promises contained herein shall survive settlement under the Settlement Agreement.

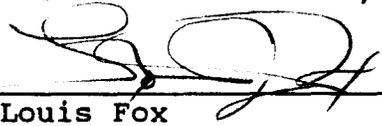
7. The Settlement Agreement is not part of this Agreement and Buyer shall have no obligation or liability under the Settlement Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended or modified except by a written agreement executed by the signatories. Subject to the provisions in the Settlement Agreement or in this Agreement, specifically including the provisions of Section 6 of Article I of this Agreement, nothing in this section shall be construed to supersede any rights or obligations under the Franchise Agreement.

IN WITNESS WHEREOF, this Buyer Agreement is executed by the parties and concurring signatories as follows:

Parties to Buyer Agreement:

CITY OF SAN ANTONIO, TEXAS

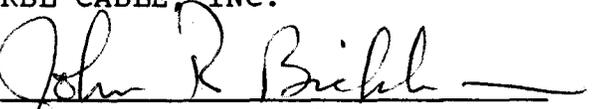
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Date

By 
Louis Fox

City Manager

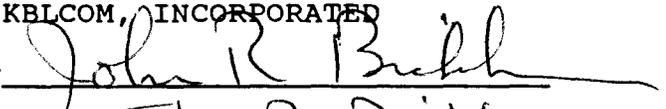
KBL CABLE, INC.

12/15/88
Date

By 
Name: John R Bickha
Title: Vice President

KBLCOM, INCORPORATED

12/15/88
Date

By 
Name: John R Bickha
Title: Vice President

JAS-576 (csb)

STOCK PURCHASE AGREEMENT

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement is made and entered into this 9th day of August, 1988, between KBL CABLE, INC., a Texas corporation ("Buyer") and ROGERS U.S. HOLDINGS LIMITED, a Canadian corporation ("Seller"), the owner of all the outstanding common stock and Series A Multiple Voting Preferred stock of RCA CABLESYSTEMS HOLDING CO. ("Holdco"), a Delaware corporation.

WHEREAS, those subsidiaries and partnerships more fully described herein operate cable television systems serving subscribers in the cities, counties and areas set out in Schedule 1 - Systems; and

WHEREAS, Seller, in reliance upon the representations, warranties and covenants of Buyer, desires to sell to Buyer and Buyer, in reliance upon the representations, warranties and covenants of Seller, desires to purchase from Seller all of the issued and outstanding common stock and Series A Multiple Voting Preferred stock of Holdco all on the terms hereinafter set forth; and

WHEREAS, each of the following cable television systems described in Schedule 1 - Systems is sometimes hereinafter referred to individually as a "System" and collectively as the "Systems" or is otherwise described in the manner set out below:

- (i) the cable television system serving Greater San Antonio and Laredo, Texas (the "Texas System");
- (ii) the cable television system serving Greater Minneapolis, Minnesota (the "Minnesota System");
- (iii) the cable television system serving Greater Portland, Oregon (the "Oregon System"); and
- (iv) the cable television system serving Orange County, California (the "California System");

all as more particularly described in Schedule 1 - Systems; and

WHEREAS it is the intention of the parties that the purchase and sale of the stock herein provided for shall be completed in accordance with applicable laws including the terms of any Franchises (as such term is hereinafter defined) held by the Systems to operate cable television systems;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

ARTICLE I

PURCHASE AND SALE OF STOCK AND PURCHASE PRICE THEREFOR

1.1 Sale of Stock. In accordance with the terms and conditions hereof:

(a) Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, at the Investment Date (as hereinafter defined), all of the issued and outstanding common stock (the "Common Shares") and, at the Closing Date (as hereinafter defined), all of the issued and outstanding Series A Multiple Voting Preferred stock (the "Multiple Voting Shares") in Holdco. (The Common Shares and the Multiple Voting Shares are sometimes hereinafter collectively referred to as the "Purchased Shares".) The terms and provisions of the Multiple Voting Shares shall be substantially as set forth in Schedule 1.1(a).

(b) The purchase price for the Purchased Shares, based on 483,775 basic subscribers on the Effective Investment Date (as hereinafter defined), as adjusted in accordance with Section 1.3, (the "Purchase Price") shall be One Billion Two Hundred Sixty-Five Million Dollars (\$1,265,000,000);

(c) The Purchase Price shall be allocated as follows:

(i) One Hundred Thousand Dollars (\$100,000) shall be allocated as the purchase price for the Multiple Voting Shares (the "Multiple Voting Share Purchase Price"); and

(ii) the balance of the Purchase Price (after deduction of the amount set out in (i) above shall be allocated as the purchase price for the Common Shares (the "Common Share Purchase Price").

1.2 Payment of Purchase Price.

(a) The Common Share Purchase Price shall be paid at the Investment Date by wire transfer of immediately available funds to an account or accounts designated in writing by Seller at least two business days prior to the Investment Date; and

(b) The Multiple Voting Share Purchase Price shall be paid at the Closing Date by wire transfer of immediately available funds to an account or accounts designated in writing by Seller at least one business day prior to the Closing Date.

1.3 Adjustments. For purposes of the adjustments provided for in this Section 1.3, "current assets" and "liabilities" shall have the respective meanings set out in Section 1.4 and "capital expenditures" shall be determined in accordance with clause 1.3C. For the purposes of the adjustments provided for in this Section 1.3 and for all other purposes of this Agreement a "basic subscriber" means for each System:

- (i) A residential subscriber receiving from such System basic cable television service at such System's standard basic billing rate, and
- (ii) Except as provided in (iii) below, a "commercial" subscriber receiving basic cable television service from such System (regardless of the number of outlets served), and
- (iii) A "subscriber equivalent", in the case of,
 - (A) persons or entities receiving from such System basic cable television service under a "bulk" or similar arrangement, or

- (B) hotels, motels, hostels, boarding houses, dormitories, hospitals, or other establishments or institutions providing overnight accommodations receiving from such System basic cable television service under any arrangement, including but not limited to a bulk or commercial arrangement; or
- (C) any residential subscriber receiving from such System basic cable television service at a rate other than such System's standard basic billing rate and who is not included in or covered by subclause (A) or (B) of this clause (iii).

The number of subscriber equivalents served under each arrangement described in (iii) above shall be equal to the quotient of (x) the total amount of revenue for basic cable television service billed by such System under such arrangement during the last 30 day period for which such information as to revenues is available immediately preceding the date with respect to which the number of subscriber equivalents is to be determined, divided by (xi) such System's standard basic billing rate for such month.

- (a) Notwithstanding the foregoing, none of the following shall constitute a basic subscriber:
 - (i) any person who has not subscribed for basic television service after the date hereof substantially in accordance with previous practice in the service area;
 - (ii) any person whose subscription has been caused after the date hereof by any action inconsistent in any material respect with previous promotional incentives or by offers of discounts exceeding those customarily given in the service area for similar promotions during a comparable period;
 - (iii) any delinquent subscriber as defined in clause (b); or
 - (iv) any subscriber for whose cable service a System shall not have been paid at least one full month's service charges.

(b) A subscriber shall be considered as delinquent:

- (i) except in the case of bulk subscriber contracts, if any portion in excess of five dollars (\$5.00) of such subscriber account with the System for basic television services is unpaid after 90 days from the date payment is first due; and
- (ii) for bulk subscriber contracts other than those covering military bases, if any portion in excess of five dollars (\$5.00) multiplied by the number of subscribers covered by such contract is unpaid after 90 days from the date payment is first due. Bulk subscriber contracts covering military bases will not in any circumstances be considered delinquent.

A. **Effective Investment Date**

(i) From the last day of the month in which the last of the conditions set out in Section 10.3 - Franchise Approvals, Section 10.4 - San Antonio Amendment, and Section 10.5 - DPC Amendment are satisfied (or waived) (the "Effective Investment Date") to the Investment Date, the Purchase Price shall be increased by an amount equal to the Purchase Price multiplied by a factor equal to the prime commercial lending rate from time to time during such period of the Chase Manhattan Bank; and

(ii) The purchase and sale of the Common Shares shall take effect as and from the close of business on the Effective Investment Date and from the Effective Investment Date up to the Investment Date, Seller shall hold the Common Shares respectively on behalf of and for the account of Buyer and Seller shall account to Buyer for all dividends or other distributions on or payments in respect of the Common Shares from and after the Effective Investment Date and Buyer shall be entitled to all shareholder's equity accrued or accruing to Holdco on and after the Effective Investment Date, provided, however, that if the purchase and sale of the Common Shares shall not for any reason take place on the Investment Date or on such other date as may be mutually agreed upon by the parties hereto, all dividends or other distributions on or payments in respect of the Common Shares and all

shareholder's equity of Holdco from and after the Effective Investment Date shall remain the sole and entire property of Seller.

B. Increases to Purchase Price

- (a) The Purchase Price shall be increased by the amount by which the current assets exceed the liabilities as of the close of business on the Effective Investment Date.
- (b) The Purchase Price shall be increased by an amount determined by dividing the amount of the Purchase Price set out in Section 1.1(b) by 483,775 and multiplying the quotient by the number of basic subscribers on the Effective Investment Date in excess of 483,775.

C. Reimbursement For Capital Expenditures

Buyer shall pay to Seller at the Investment Date an amount equal to all capital expenditures from July 1, 1988, including labour costs, overhead charges and direct costs consistent with prior practices, made for rebuilding portions of a System, tools and test equipment, rewiring (except as excluded below), forced and voluntarily rehabilitation of parts of a System, new area wiring in areas not energized by the Effective Investment Date, computer programming and data service projects, converters/descramblers, computer and office equipment, programming equipment, traps, land and buildings, leasehold improvements, furniture and fixtures, vehicles and head-end equipment/hubs, made prior to the Effective Investment Date with respect to the Systems as provided for in the budget set out in Schedule 1.3(a) - Capital Expenditure Budget and such other capital expenditures as may be approved by Buyer in writing, such approval not to be unreasonably withheld. For greater certainty, the amount to be reimbursed for any category of capital expenditures will not be limited to the amount shown for each System but will not exceed the aggregate amount for such category for all Systems combined as shown in the far right hand column of Schedule 1.3(a), unless approved by Buyer in writing, such approval not to be unreasonably withheld. If requested by Buyer, Seller shall supply to Buyer such evidence as Buyer may reasonably request, documenting such capital expenditures. For greater certainty, unless approved by Buyer in writing, Seller shall not be reimbursed for capital expenditures for

new area wiring and drops (excluding traps) unless the new area wiring is for an area not energized by the Effective Investment Date.

D. Decreases to Purchase Price

(a) The Purchase Price shall be reduced by the amount by which the liabilities exceed the current assets as of the close of business on the Effective Investment Date.

(b) The Purchase price shall be decreased by an amount determined by dividing the amount of the Purchase Price set out in Section 1.1(b) by 483,775 and multiplying the quotient by the number of basic subscribers on the Effective Investment Date below 483,775.

(c) For the aggregate of all partnership units in Rogers CableSystems of Minneapolis Limited Partnership held by an unaffiliated third party on the Effective Investment Date and all partnership units in Rogers-Multnomah CableSystems Limited Partnership held by unaffiliated third parties on the Effective Investment Date as shown on Schedule 3.1 the Purchase Price shall be reduced by Eight Million Dollars (\$8,000,000). The Eight Million Dollars (\$8,000,000) shall be reduced by the cost of acquisition of all units acquired by Holdco and its Affiliates in such partnerships prior to the Effective Investment Date.

E. Additional Payments for Local Origination and Access Operating Costs

(a) For purposes of this Agreement, "Franchises" means the contracts, ordinances, resolutions, permits, and agreements, as amended, varied or supplemented to the date hereof, pursuant to which the Affiliates have the right to operate cable television systems.

(b) For the purposes of this Section 1.3 E:

(i) "Local Origination and Access Operating Costs" means operating costs of a non-capital nature, in accordance with past practices of the System, and exclude all other obligations including institutional networks, residential interactive

services and viewing centers, underground/interconnection commitments and public institutional demonstration projects.

(ii) "Covered Franchises" means the Franchises for each of (x) the City of Portland, Oregon, until the earlier of the expiration of the relevant Franchise or December 31, 1996, (y) the County of Multnomah, Oregon, until the earlier of the expiration of the relevant Franchise or December 31, 1998 and (z) the suburbs of Minneapolis, Minnesota, until the earlier of the expiration of the relevant relief agreement in effect on the Effective Investment Date or December 31, 1992.

(c) Except as set out in this Section 1.3 E, Holdco and its Affiliates shall be responsible for all commitments, obligations, payments and liabilities of any nature whatsoever under the Franchises first falling due from and after the Investment Date and Seller shall have no responsibility, liability or obligation in connection therewith.

(d) Seller shall pay promptly after being billed therefor by Holdco or its relevant Affiliate, the amount, determined on a monthly basis, by which,

(i) the aggregate amount which Holdco or its Affiliate is required to pay in respect of Local Origination and Access Operating Costs and franchise fees under the terms of the Covered Franchises (as in effect on the Effective Investment Date) exceeds,

(ii) an amount equal to six percent of the aggregate gross receipts of the Systems regulated by the Covered Franchises as defined in such Covered Franchises.

For greater certainty, each relevant Franchise shall be included in the determination required by this clause (d) only as long as it is one of the "Covered Franchises" as defined in clause (b) (ii) above.

(e) The payment obligations of Seller under this section shall be determined without giving effect to any amendments in the terms of the Covered Franchises agreed to by Buyer or to any changes in law after the Investment Date except for amendments or for changes in law which affect the enforceability of and thereby reduce such payment obligations, and the obligations of Seller will be reduced accordingly to give effect thereto.

(f) Buyer shall not, after the Investment Date, agree to any amendment to the terms of the Covered Franchises, the effect of which would require Seller to make any payments pursuant to this Section 1.3 E.

F. Statement of Adjustments

For purposes of determining the Common Share Purchase Price to be paid by Buyer to Seller on the Investment Date, there shall be an initial calculation of the Common Share Purchase Price based on the foregoing adjustments (the "Interim Purchase Price"). Seller shall prepare a statement of the Interim Purchase Price (which shall contain the calculation of the adjustments) and deliver the same to Buyer not less than four days prior to the Investment Date accompanied by such additional financial and other information as Buyer shall reasonably request, and a certificate signed by an officer of Seller as to the number of basic subscribers at the Effective Investment Date. Between the date of such delivery and the Investment Date, Buyer may object to the number of subscribers and the data and calculations contained in such certificate, however if such objections are not resolved by the Investment Date, Buyer shall pay the Interim Purchase Price, as determined in accordance with this paragraph.

For the purpose of settling the Common Share Purchase Price Buyer shall, within 20 days following the Investment Date, deliver to Seller a final statement of the adjustments provided for in this Section 1.4 and of the number of basic subscribers on the Effective Investment Date and the resulting Common Share Purchase Price (the "Final Purchase Price"). Buyer and Seller shall, within 30 days thereafter, meet as often as required and settle the above-referenced statements. If Buyer and Seller are unable to agree on such statements within such 30-day period, all matters in dispute (and no other matters) shall be referred to Peat, Marwick, Main & Co. (the "Expert") who shall, acting as an expert and not an arbitrator, determine all matters in dispute and report thereon in writing to Buyer and Seller within 20 days after all matters in dispute were referred to the Expert and such report shall be final and binding upon the parties hereto. The parties hereto agree to permit the Expert such access to their respective premises and books and records and to render to the Expert all such reasonable assistance as the Expert may deem necessary to make its determination. On the 5th day following the 30-day period referred to above, Seller shall pay to Buyer the amount, if any, by which the Interim Purchase Price is greater than the Final Purchase

Price, plus the additional factor thereon as set out below (other than with respect to matters in dispute), or Buyer shall pay to Seller the amount by which the Final Purchase Price is greater than the Interim Purchase Price, plus the additional factor thereon as set out below (other than with respect to matters in dispute). On the 5th day following the delivery of the report of the Expert, Seller shall pay to Buyer by wire transfer of immediately available funds to an account designated by Buyer the amount, if any, by which the Final Purchase Price has been reduced by such report plus the additional factor thereon as set out below or Buyer shall pay to Seller by wire transfer of immediately available funds to an account designated by Seller the amount by which the Final Purchase Price has been increased by such report plus the additional factor thereon as set out below. Any amount payable by Seller to Buyer or by Buyer to Seller pursuant hereto, as the case may be, shall be increased by an amount for each day from the Effective Investment Date to the date of payment equal to such amount payable multiplied by a factor equal to the prime commercial lending rate for such day of the Chase Manhattan Bank divided by 365. Buyer and Seller shall bear in equal shares the costs of the Expert and the costs incurred in the final price determination.

G. Excluded Assets

It is hereby expressly acknowledged and agreed to by Buyer that at or prior to the Investment Date, Seller may cause Holdco or any Affiliate (as hereinafter defined) to assign or distribute to Seller or its designee without any consideration, all right, title and interest of the assignor in and to such of the following as are not reflected in the Interim Statements (as defined in Section 3.11):

(a) any claim, right or interest in and to any refund for federal, state or local franchise, income, possessory interest, sales, use or other taxes or fees of any nature whatsoever for periods prior to the Effective Investment Date (including, without limitation, fees paid to the United States Copyright Office);

(b) any legal or insurance claim, right, cause of action or damages payable to the assignor for periods prior to the Effective Investment Date except to the extent of any amount so payable with respect to the loss or reduction in value of any asset, other than current assets of Holdco or any Affiliate;

(c) any insurance policies, bonds, letters of credit or other similar items, or any cash surrender value in regard thereto relating to periods prior to the Effective Investment Date; and

(d) any health insurance, benefit plan or Workers' Compensation refunds or credits relating to periods prior to the Effective Investment Date.

1.4 Definition of Current Assets and Liabilities. For the purposes of this Agreement, "current assets" and "liabilities" shall have the meanings ascribed in, and the computations thereof shall be performed in accordance with, this Section 1.4. "Current assets" shall mean the sum of the consolidated net book value of all the assets of Holdco and the Affiliates recorded in the books and records of Holdco at the Effective Investment Date which in accordance with generally accepted accounting principles, applied on a consistent basis are treated as current assets. For greater certainty inventory shall be a current asset. "Liabilities" shall mean the sum of the consolidated net book value of all liabilities of Holdco and the Affiliates as recorded in the books and records at the Effective Investment Date, which in accordance with generally accepted accounting principles applied on a consistent basis are treated as liabilities (except for deferred taxes, liabilities for which Buyer has a right of indemnity and capital leases).

ARTICLE II

COMPLETION

In order to facilitate the investment by Buyer in Holdco and compliance with all regulatory approvals it may be desirable to complete the purchase and sale of the Purchased Shares and the change of voting and actual working control only after all necessary regulatory approvals have been obtained.

2.1 Investment Date. The purchase and sale of the Common Shares shall be completed at the offices of Seller, Suite 2600, Commercial Union Tower, Toronto-Dominion Centre, Toronto, Ontario or at such other place as Seller and Buyer may agree at 10:00 a.m. (Toronto time) on the tenth business day after the Effective Investment Date or on such later date as the conditions precedent set forth in Article X shall have been fulfilled in all material respects or waived as provided therein (the "Investment Date").

2.2 Instruments of Conveyance at the Investment Date. Subject to the other terms and provisions hereof, Seller will, on the Investment Date, deliver to Buyer stock certificates representing all of the Common Shares in negotiable form, duly endorsed for transfer against payment of the Common Share Purchase Price. For greater certainty, the completion of the purchase and sale of the Common Shares is independent of the completion of the purchase and sale of the Multiple Voting Shares and Buyer is not entitled to any refund, adjustment or abatement of the Common Share Purchase Price in the event that the purchase and sale of the Multiple Voting Shares are not completed for any reason whatsoever.

2.3 Closing Date. The closing of the purchase and sale of the Multiple Voting Shares (the "Closing") shall take place at the offices of Seller, Suite 2600 Commercial Union Tower, Toronto-Dominion Centre, Toronto, Ontario or at such other place as Seller and Buyer may agree at 10:00 a.m. (Toronto time) on the last to occur of the Investment Date and the third business day after all consents or approvals Buyer reasonably deems necessary of the grantors of the Approval Franchises (as hereinafter defined) to the sale of all of the issued and outstanding capital stock of Holdco to Buyer have been obtained or at such earlier time as Buyer may, by three business days prior written notice to Seller, determine (the "Closing Date").

2.4 Instruments of Conveyance at the Closing. Subject to the terms and provisions hereof, Seller will, at the Closing, deliver to Buyer stock certificates representing all of the Multiple Voting Shares in negotiable form, duly endorsed for transfer against payment of the Multiple Voting Share Purchase Price.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby makes the following representations and warranties, each of which, except as described below, is true and accurate on the date hereof and each of which will be true and accurate on the Investment Date except for changes permitted by this Agreement, except as disclosed in the financial statements referred to in Section 3.11, except as otherwise disclosed in writing to Buyer (and accepted by Buyer in writing) contemporaneously with the execution and delivery of this Agreement by the parties hereto.

3.1 Organization of Holdco and Subsidiaries. Each of Holdco and the Subsidiaries (as hereinafter defined) is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and each has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of Holdco and the Subsidiaries is duly qualified or licensed and in good standing to do business in each jurisdiction in which the property owned or leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so duly qualified or licensed or in good standing would not have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System. Seller has delivered to Buyer true and complete copies of the Articles of Incorporation and By-laws of each of Holdco and the Subsidiaries, as amended through the date hereof. Schedule 3.1 - Holdco and Its Subsidiaries sets forth a complete and correct description of (i) each jurisdiction in which Holdco is qualified or licensed to do business and the number of shares of capital stock of Holdco to be issued and outstanding on the Investment Date; (ii) the name and jurisdiction of incorporation of each corporation of which Holdco owns, directly or indirectly, more than 50% of the capital stock having ordinary voting power for the election of directors (individually, a "Subsidiary" and collectively, the "Subsidiaries"); (iii) the number of shares of capital stock of each Subsidiary authorized and outstanding and the number of shares of such stock of each Subsidiary owned by Holdco and/or any of the Subsidiaries; (iv) the jurisdiction, if any, in which each Subsidiary is qualified or licensed to do business; (v) the name and jurisdiction of organization of each partnership in which Holdco owns, directly or indirectly, any partnership interest (individually, a

"Partnership" and collectively, the "Partnerships") (the Subsidiaries and the Partnerships being herein sometimes collectively referred to as the "Affiliates"); and (vi) the kind and amount of such partnership interest owned and the percentage such interest is of all outstanding partnership interests of such Partnership. Except as set forth in Schedule 3.1 - Holdco and Its Subsidiaries, Holdco does not, directly or indirectly, own or control or have any material capital, equity, partnership, participation or other interest in any corporation, partnership, joint venture or other business association or entity. Each of the Partnerships has been duly constituted and is validly existing under its jurisdiction of constitution.

3.2 Capitalization. The authorized and issued and outstanding share capital of each Subsidiary is as set out in Schedule 3.1 - Holdco and Its Subsidiaries and all such issued and outstanding shares have been duly issued, fully paid and are non-assessable. Seller is the recorded and beneficial owner of all of the issued and outstanding Common Shares and Series A Multiple Voting Shares in the capital of Holdco, which on the Investment Date will constitute all of the capital stock of Holdco with a good and marketable title therein and thereto, free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances whatsoever and on the Investment Date all such capital stock will have been duly issued, fully paid and non-assessable. The transfers to Buyer on the Investment Date and Closing Date will vest in Buyer good and marketable title to all of the capital stock of Holdco free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances except such as shall be placed thereon by Buyer. Schedule 3.1 - Holdco and Its Subsidiaries is a true and complete list (effective as at the Investment Date) of the recorded and beneficial ownership of the issued and outstanding capital stock of each Subsidiary and each partnership unit in each Partnership. Except as disclosed in Schedule 3.1 - Holdco and Its Subsidiaries, Holdco and the Subsidiaries will be at the Investment Date the beneficial and recorded owners of the shares of capital stock and partnership interests indicated on Schedule 3.1 - Holdco and Its Subsidiaries and on the Investment Date will have a good and marketable title therein and thereto, free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances whatsoever. At the Investment Date, Seller shall deliver to Buyer a revised Schedule 3.1 - Holdco and Its Subsidiaries which shall reflect all changes in the capitalization of the Affiliates since the date hereof which are permitted by Article V hereof or resulting from the purchase or redemption of partnership units in Rogers Cablesystems of Minneapolis Limited Partnership and Rogers Multnomah Cablesystems Limited Partnership or resulting from any liquidation of any Partnership or resulting from the purchase of shares of

Rogers Cablesystems of America, Inc. and all references to Schedule 3.1 - Holdco and Its Subsidiaries thereafter shall be deemed to refer to the revised Schedule 3.1 - Holdco and Its Subsidiaries. Except for the rights of Buyer hereunder or as otherwise disclosed herein or in the documents evidencing the Franchises and subject to the terms of the agreements constituting the Partnerships, no person (other than a Subsidiary) has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for the purchase of any of the Purchased Shares or for the purchase of any of the issued and outstanding shares or securities in the capital of Holdco or of any Subsidiary or in any Partnership or any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares or other securities of Holdco or any Subsidiary or Partnership. Neither Holdco, nor any of the Affiliates, has any obligation to make additional capital contributions to any Partnership or has committed to do so.

3.3 Authorization of Agreement. Seller is a corporation duly incorporated and validly subsisting under the laws of Canada and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action of Seller. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to specific performance, being an equitable remedy, lying within the discretion of a court of competent jurisdiction.

3.4 No Violations. Neither the execution and delivery of this Agreement, nor the performance by Seller of its obligations hereunder will (i) violate the charter, by-laws or partnership agreements of Seller, Holdco or any of the Affiliates, (ii) assuming satisfaction of the requirements set forth in clause (iii) below, violate any provision of any law, rule, regulation, order, judgment or decree ("Law") or any agreement, in each case applicable to any of Seller, Holdco or the Affiliates or by which any of their respective property or assets are bound or affected (except for those violations which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System, or (iii), except for (1) requirements, if any, arising

out of any required pre-merger notification and related filings with the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Department of Justice") pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Hart-Scott Act"), (2) requirements, if any, arising out of any required filings with the Federal Communication Commission (the "FCC") pursuant to the Communications Act of 1934, as amended, and the rules and regulations thereunder (the "Communications Act"), (3) approvals and consents as may be necessary pursuant to the Franchises and applicable Laws with respect thereto, require any consent, approval, filing or notice under any provision of any Law applicable to Holdco or any of the Affiliates except for those consents, approvals, filings and notices, the absence of which would not, either individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System.

3.5 Litigation. Except for those actions for which Seller has agreed to indemnify Buyer pursuant to Section 11.1, there is no pending (or threatened against Seller of which Seller has received notice) suit, claim, action or proceeding to which Holdco or any of the Affiliates is a party which individually or in the aggregate could have a material adverse affect on the business, results of operation or financial condition of Holdco and the Affiliates taken as a whole. No judgment, order or decree has been entered nor any such liability incurred which has such effect. There is no claim, action or proceeding pending (or threatened against Seller of which Seller has received notice) which will prevent or delay the consummation of the transactions contemplated by this Agreement.

3.6 Compliance with Laws. Subject to obtaining the consents and approvals referred to in Section 3.4, Holdco and each Affiliate are in compliance in all material respects with all applicable Laws to which they are subject. There is no tax or other Law which applies to Seller which requires that any amount be withheld from the Purchase Price by reason of the fact that Seller is not incorporated under the laws of the United States or any State thereof. Without limiting the generality of the foregoing, the Systems comply in all material respects with the requirements of the FCC and, with respect to the cable television towers used by a System, the regulations of the Federal Aviation Administration; all fees required to be paid by Holdco or any Affiliate under the terms of the United States Copyright Revision Act of 1976 (Public Law 94-533) have been properly computed and paid by on or behalf of Holdco or such Affiliate; neither Holdco nor any

Affiliate has violated the rights of any legal or beneficial copyright owner by reason of any transmission or distribution through any of the Systems or by any other act which is an infringement under any of the provisions of any applicable copyright laws, including, without limitation, the Copyright Act of 1976 and the applicable rules and regulations of the United States Copyright Office.

3.7 Tax Matters. There has been duly filed by or on behalf of Holdco and each Affiliate, or a filing extension from the appropriate federal, state, foreign and local governments or governmental agencies has been obtained with respect to, all federal, state, foreign and material local income, franchise, sales, use, property and other tax returns and reports required to be filed on or prior to the date hereof and payment in full or adequate provision for the payment of all taxes shown to be due on such tax returns has been made (except for such failures to file or make payment which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). The Federal income tax returns required to be filed by or on behalf of Holdco and each Affiliate under the Internal Revenue Code of 1986, as amended, or any predecessor statute (the "Code"), have either been examined by the Internal Revenue Service ("IRS") or the period during which any assessments may be made by the IRS has expired for all years up to and including the taxable year ended August 31, 1984 and any deficiencies or assessments asserted in writing by the IRS have either been paid or reserved against or are being contested in good faith by appropriate proceedings. All other assessments of taxes due and payable as of the date hereof by or on behalf of Holdco and each Affiliate have either been paid or provided for or are being contested in good faith by appropriate proceedings (except for such failures to pay or provide for which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). Neither Holdco nor any Affiliate has given any waiver of any statute of limitations relating to the payment of taxes, which waiver has not yet expired save and except for a waiver in respect of California sales and use taxes for the period July 1, 1984 to March 31, 1985, which waiver is scheduled to expire July 31, 1988. Neither Holdco nor any Affiliate, has, with regard to any assets or property held, acquired or to be acquired by it, filed a consent pursuant to Section 341(f) of the Code.

3.8 Employee Matters. (i) The names of and the IRS identification numbers of all "employee benefit plans," as defined by Section 3(3) of the Employee Retirement Income Security

Act of 1974, as amended ("ERISA"), presently in effect which have been maintained or contributed to by Holdco or any of its Affiliates during any of the last five years (the "Company Plans") are listed on Schedule 3.8 - Pension Plans hereto. All Company Plans that constitute "employee pension benefit plans" as defined in Section 3(2) of ERISA (the "Company Pension Plans") are so designated on Schedule 3.8 - Pension Plans. No Company Pension Plan constitutes a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA nor has Holdco or any of its Affiliates had, within the five preceding years, any obligation to contribute to any such "multiemployer plan". No withdrawal liability has been incurred by Holdco or any of its Affiliates with respect to any "multiemployer plan".

(ii) Except as set forth on Schedule 3.8 - Pension Plans, each Company Pension Plan has received a favourable determination letter from the IRS with respect to such plan's status under Section 401 of the Code, and Seller is not aware of any facts which would adversely affect the qualified status of such Company Pension Plans.

(iii) Except as set forth on Schedule 3.8 - Pension Plans, Holdco and its Affiliates have not incurred in connection with the termination of a Company Pension Plan, and Seller has no knowledge of any event or condition which would be reasonably likely to cause, any liability to the Pension Benefit Guaranty Corporation ("PBGC") or to a Section 4049 trust under Title IV of ERISA.

(iv) Except as set forth on Schedule 3.8 - Pension Plans, there are no pending claims or lawsuits that have been asserted or instituted against the assets of any of the trusts under the Company Plans or against Holdco or any of its Affiliates or any fiduciary of the Company Plans with respect to the operation of the Company Plans, which if adversely determined would, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole.

(v) Except as set forth on Schedule 3.8 - Pension Plans, the Company Plans have been maintained and administered in all material respects in accordance with their terms and with all provisions of ERISA and the Code (including rules and regulations under ERISA and the Code) applicable thereto and neither Holdco nor any Affiliates nor any "party in interest" or "disqualified person" within the control of Holdco or any Affiliate with respect to the Company Plans has

engaged in a "prohibited transaction" within the meaning of Section 4975 of the Code or Title I, Part 4 of ERISA (except for transactions the liability of Holdco or any Affiliate with respect to which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). Without limiting the generality of the foregoing, none of the Company Plans has incurred an "accumulated funding deficiency" within the meaning of Section 302 of ERISA or Section 412 of the Code whether or not waived; no Company Pension Plan has been the subject of a "reportable event" as defined in Section 4043 of ERISA, as to which notice would be required to be filed with the PBGC (except for events the liability of Holdco or any Affiliate with respect to which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole); and Holdco and the Affiliates have made or will make all required contributions under each Company Plan for all periods through and including the Investment Date or adequate accruals therefor have been or will be provided for in all material respects. With respect to each Company Pension Plan that is subject to Title IV of ERISA and with respect to all of such Plans in the aggregate, as of the Investment Date, the present value of vested and nonvested benefits accrued under such Plan or Plans on a termination basis using actuarial assumptions established by the PBGC for such purpose and as in effect on such date does not exceed the assets of such Plan or Plans by more than \$250,000.

(vi) Schedule 3.8 - Pension Plans, sets forth a correct and complete list of each of the following agreements, arrangements and commitments to which Holdco or any of its Affiliates is a party or by which any of them may be bound: (x) each written employment, consulting, agency or commission agreement not terminable without liability to Holdco or any Affiliate upon 30 days' or less prior notice to the employee, consultant or agent or involving compensation or remuneration of more than \$60,000 per annum; (y) each agreement with labour unions; and (z) each bonus, deferred compensation, severance, salary continuation, profit sharing, pension or retirement, stock option or stock purchase, hospitalization, insurance, medical reimbursement and other plan or program providing employee or executive benefits. With respect to any "employee welfare benefit plan," as defined in Section 3(1) of ERISA, providing medical or health benefits, there currently exists no liability for providing such benefits to retirees or other terminated employees as determined actuarially utilizing reasonable actuarial assumptions and methods. The transactions contemplated by this agreement will not result in any employee, former employee or other person

being entitled to any severance benefit. Neither Holdco nor any of its Affiliates is subject to any union organizing effort and to the knowledge of Holdco no such effort is threatened.

3.9 Title to Assets at the Investment Date. At the Investment Date, each of Holdco and its Affiliates will be the sole owner (both legal and beneficial) of all of its property and assets material to its business and operations (other than those assets leased by Holdco or any Affiliate) free and clear of all mortgages, liens, security interests, and other encumbrances whatsoever and except for title defects, irregularities or encumbrances which, in the aggregate, will not materially impair the fair market value or use of such property and except for security interests securing indebtedness under capital lease agreements not exceeding \$10,000,000 for Holdco and its Affiliates in the aggregate, those which the Buyer elects to retain on the assets on several of the Partnerships in order to protect the tax position of the general and limited partners with respect to their limited partnership units and a first charge on inventory and accounts receivable of the San Antonio cable system serving Greater San Antonio, Texas securing bank indebtedness of not more than \$5,000,000 and various security interests securing intercompany indebtedness which will be released upon payment of such indebtedness.

3.10 Licenses. Each of Holdco and each of the Affiliates is the holder of all material licenses, ordinances, authorizations, permits and certificates, other than franchises required to operate cable television systems, (collectively, the "Licenses") necessary to enable it to continue to conduct its businesses in all material respects as presently conducted, and is the holder of all Franchises required to operate the cable television systems and related facilities in which it has an interest provided, however, that Holdco and the Affiliates may not, from time-to-time, hold the necessary Licenses or Franchises for up to 10,000 subscribers. Except as provided herein all of the Franchises and Licenses are in full force and effect in all material respects. Holdco has no reason to believe that the FCC or any state or local government having jurisdiction will revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the Licenses or Franchises as a result of any act or failure to act in the performance of the obligations of Holdco or any Affiliate prior to the date hereof or for any other reason to the extent such revocation, cancellation, rescission, modification or refusal has been threatened. There is not now pending any investigation before the FCC or any of such state and local governments, nor is there issued or outstanding by the FCC any Order to Show Cause, Notice of Violation, Notice of Apparent Liability or Notice of

Forfeiture or material complaint, nor, to the best knowledge of Seller, are any of the foregoing threatened against Holdco, any of the Affiliates or any of the Systems. Each of the Systems is operating, in all material respects, in accordance with the terms of its Franchises and all applicable Laws.

3.11 Financial Statements. Seller has, contemporaneously with the execution and delivery of this Agreement, delivered to Buyer certified copies of the Consolidated Audited Balance sheet at August 31, 1987 and Related Statements of Income, Stockholders' Equity and Changes in Financial Position for Holdco and its consolidated Subsidiaries for the year then ended (the "Financial Statements") and the interim unaudited balance sheet of Holdco and its Subsidiaries as at May 31, 1988 together with Consolidated Statement of Net Income for the eight months then ended (the "Interim Statements"). The Financial Statements (a) are complete and correct in all material respects, (b) have been prepared in accordance with generally accepted accounting principles, and (c) present fairly the financial position of Holdco and its Subsidiaries on a consolidated basis at the date indicated and the results of the operations and changes in financial position for Holdco and its Subsidiaries for the period then ended. The Interim Statements are unaudited but are prepared on a consistent basis in accordance with generally accepted accounting principles, subject to normal year end adjustments and present fairly the financial position of Holdco and its Subsidiaries on a consolidated basis at the date indicated and the results of the operations and changes in financial position for Holdco and its Subsidiaries for the period then ended.

3.12 No Undisclosed Liability. Neither Holdco nor any Affiliate has any material liabilities not reflected on the Interim Statements, except those liabilities incurred in the ordinary course of business since May 31, 1988 or otherwise disclosed in writing to Buyer and accepted by Buyer prior to the date hereof.

3.13 Material Change. There has not been any material adverse change in the financial condition, results of operations, liabilities, assets or business of Holdco or any Affiliate and there has been no event within Seller's control which could result in any such adverse change.

3.14 Taxes on Sale of Stock. All stamp taxes, security transfer taxes or other like taxes payable in connection with the transfer of any shares in the capital stock of any Subsidiary or any partnership unit of a Partnership have been duly paid.

3.15 Books and Records. The books and records of Holdco and each Affiliate accurately reflect in all material respects the financial condition and results of operations of such entity and have been maintained in all material respects in accordance with good business and bookkeeping practices.

3.16 Insurance. Holdco and the Affiliates maintain such insurance as in Seller's view is prudent in the circumstances and during the past year, no application by Holdco or by any Affiliate for insurance or any bond has been denied for any reason.

3.17 Finders' Fees and Brokers' Fees. No finders' fees, brokerage or agents' commission or other like payments are payable to any third party or parties by reason of any agreement of Seller or resulting from Seller's use of any finder, broker, agent or other intermediary in connection with the negotiations relative to this Agreement or the consummation of the transactions contemplated hereby except for fees payable to Morgan Stanley & Co. Incorporated, which fees will be paid by Seller. Seller will hold Buyer harmless against any claim for brokerage and finders' fees or agents' commission incident to or in connection with the transactions contemplated by this Agreement claimed by any brokers or agents as a result of any action by Seller.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby makes the following representations and warranties, each of which is true and accurate on the date hereof and will be true and accurate on the Investment Date.

4.1 Organization. Buyer is a corporation duly incorporated and validly existing under the laws of the State of its incorporation; and has the corporate power and authority to enter into this Agreement and to acquire the Purchased Shares pursuant to this Agreement.

4.2 Corporate Ownership of Buyer. The registered and beneficial owners of all the issued and outstanding shares in the capital stock of Buyer are as set out below, each such shareholder owning, as the beneficial and registered owner thereof, that number of shares set out opposite its name below:

Name of Stockholder	Class of Stock	Number of Shares
KBLCOM Incorporated	Common Stock	1,000

The registered and beneficial owner of all the issued and outstanding capital stock of KBLCOM Incorporated is Houston Industries Incorporated ("HII") which is a publicly owned corporation without any controlling shareholder.

4.3 Authorization of Agreement. The execution and delivery of this Agreement and the performance by Buyer of the terms and conditions hereof has been duly authorized by all necessary corporate action of Buyer. This Agreement constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to specific performance, being an equitable remedy, lying within the discretion of a court of competent jurisdiction.

4.4 No Default. Except for filings and the expiration of applicable waiting periods under the Hart-Scott Act, as defined herein, and the obtaining of the relevant consents as set forth herein, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Buyer does not require the consent or approval of or filing with any person or governmental authority or violate any material provisions of any laws to which Buyer is subject.

4.5 Litigation. There is no pending suit, claim, action or proceeding to which Buyer is a party which individually or in the aggregate will have a material adverse effect upon Buyer or its ability to complete the purchase and sale hereby contemplated. No judgment, order or decree has been entered nor any such liability incurred which has such effect. There is no claim, action or proceeding pending (or threatened against Buyer of which Buyer has received notice) which will prevent or delay the consummation of the transactions contemplated by this Agreement.

4.6 Finders' Fees and Brokers' Fees. Buyer will hold Seller harmless against any claim for brokerage and finders' fees or agents' commission incident to or in connection with the transactions contemplated by this Agreement claimed by any brokers or agents as a result of any action by Buyer.

ARTICLE V

CONDUCT OF BUSINESS FROM EXECUTION OF THIS AGREEMENT UNTIL INVESTMENT DATE

5.1 Conduct of Business. Seller agrees that, except as otherwise consented to in writing by Buyer (which consent shall not be unreasonably withheld and Buyer agrees that it will respond to any request for consent on a timely basis) or as is contemplated by or disclosed in this Agreement from the execution hereof until the Investment Date:

(a) except as set forth herein, the respective businesses of Holdco and the Affiliates will be conducted only in the ordinary and usual course in accordance with prior practice; provided, however, that nothing herein will prevent the purchase of the limited partnership units described in Section 1.4 and the wind-up or dissolution of any such partnership and Seller will give prompt notice to Buyer of any such dissolution, together with particulars thereof, taken prior to the Investment Date;

(b) Holdco shall use reasonable commercial efforts to preserve intact the business organization of Holdco and the Affiliates, to preserve the Franchises and Licences in full force and effect, to keep available the services of its and their present officers and key employees, and to preserve the goodwill of those having business relationships with Holdco or any of the Affiliates;

(c) neither Holdco nor any Affiliate will make any service adjustments in order to make current an otherwise delinquent subscriber except in accordance with prior practices;

(d) Seller shall not take any action nor cause Holdco or any Affiliate to take any action if the effect of such action would be to prevent Seller from completing the transaction of purchase and sale herein provided for, result in Seller breaching any of its representations and warranties contained herein or result in Holdco or any of the Affiliates incurring any liability for taxes not in the ordinary course of business;

(e) Seller shall promptly advise Buyer orally and in writing of any change which, to the knowledge of the executive officers of Seller, has had or is reasonably likely to have a material adverse effect on the financial condition, results of operations or businesses of Holdco and the Affiliates taken as a whole or of any System; and

(f) except with respect to the leases of real property and other contracts described below, neither Holdco nor any Affiliate will directly or indirectly enter into or be a party to any contract or other agreement of any nature whatsoever with Seller or any person affiliated to Seller (as defined under the Securities Exchange Act, 1934), which will not have been terminated on or prior to the Investment Date ;

1. Lease Agreement made as of August 31, 1987 between Rogers Video Shopping, Inc. ("Video") and Rogers - Portland Cablesystems, an Oregon Limited Partnership with respect to premises located at 3075 N. E. Sandy Boulevard, Portland, Oregon;

2. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc. with respect to the premises located at 403 Urban Loop, San Antonio, Texas;

3. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc., with respect to the premises located at 5981 Highway 87 East, San Antonio, Texas;

4. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc. with respect to premises located at 2805 S.W. Loop 410 San Antonio, Texas;

5. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership, with respect to premises located at 801 Plymouth Avenue North, Minneapolis, Minnesota;

6. Lease Agreement made as of January 5, 1988 between Video and Rogers Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership, with respect to premises located at 721 12th Avenue North (sometimes referred to as 1156 Aldrich Avenue North), Minneapolis, Minnesota; and

7. all existing agreements to provide subscriber accounting services to the Systems provided however that on or prior to the Investment Date each such agreement shall be amended to be cancellable on 30 days' written notice by either party on a System by System basis.

5.2 Rate Increases. Notwithstanding anything to the contrary contained in Section 5.1, the Buyer acknowledges and agrees that no action with respect to any rate increase for cable television services provided by a System or any portion thereof need be implemented prior to the Investment Date.

5.3 Repayment of Debt. Neither Holdco nor any Affiliate will repay any long-term indebtedness reflected on the Interim Statements prior to the Investment Date other than for scheduled repayments required by the documents evidencing such indebtedness subject to the requirement that Buyer shall, on the Investment Date at Seller's request, cause such indebtedness to be refunded. For purposes of this Section 5.3, long-term indebtedness shall not include capitalized leases.

ARTICLE VI

INVESTIGATION BY BUYER

6.1 Access to Records. Following execution hereof and prior to the Investment Date, Seller shall give Buyer and its representatives, including, without limitation, advisors, accountants and attorneys designated by Buyer, full access during ordinary business hours, upon

reasonable notice, to Holdco's and the Affiliates' premises, assets, properties, books of account, agreements and commitments, provided that Buyer's investigation and use of the same shall not unreasonably interfere with the normal operations thereof. Seller shall furnish Buyer with all information with respect to Holdco, the Affiliates and the Systems as Buyer may, from time to time, reasonably request. Notwithstanding any such investigation, the representations and warranties of Seller contained herein shall continue in full force and effect for the benefit of Buyer as provided in Article XI. Buyer shall give Seller prompt notice of any breaches of the representations and warranties of Seller known to Buyer.

6.2 Confidentiality of Information. In the event that the transactions contemplated by this Agreement are not consummated the parties agree not to disclose to any third person or to the public any information relating to their respective business and affairs, except as required by law or except as such information is known to the public otherwise than by a breach of the confidentiality obligations contained herein; provided, however, that neither Seller nor Buyer shall be required hereunder to exercise a higher degree of care in safeguarding such confidential information than is customarily exercised by such party with respect to its own confidential information. In addition, each party shall ensure, by appropriate steps, that any person to whom confidential information is disclosed by such party, will maintain the confidentiality of same. In the event that the transactions contemplated by this Agreement are not consummated, each party further agrees to return any such confidential materials to the other party promptly upon request.

6.3 Public Announcements. Except as required by law if Seller, on the one hand, or Buyer, on the other hand, propose to make any public announcement relating to the transactions herein contemplated, such party will submit its proposed announcement in advance to the other party and will give it a reasonable opportunity in the circumstances to comment thereon in advance of release.

ARTICLE VII

COVENANTS OF SELLER AND BUYER

7.1 Necessary Franchise Approvals. The parties acknowledge that the structure of the transaction of purchase and sale of the Purchased Shares is intended to ensure compliance with all Laws and Franchises. To this end, Buyer acknowledges that it has reviewed the terms of all documents furnished to it by Seller as constituting or relating to the Franchises and as a result of such review, Buyer acknowledges and agrees subject to the provisions of documents constituting or relating to the Franchises not furnished by Seller, if any, and without reliance on Seller or any of its affiliates or their respective directors, officers, employees or agents that the only Franchises that require the consent or approval of the grantor thereof to the sale of the Purchased Shares to Buyer are those noted with an asterisk in Schedule 1 - Systems (herein the "Approval Franchises"). Notwithstanding anything herein contained, subject to the provisions of documents constituting or relating to the Franchises not furnished by Seller, if any, Buyer agrees to accept all such other Franchises (the "Other Franchises") without obtaining the consent or approval of the grantor thereof prior to the Investment Date to the sale of all or any part of the Purchased Shares and, except as described in Sections 10.4 and 10.5, on their current terms and, accordingly Buyer will not apply to amend any Franchises until after the Investment Date. Buyer will use its best efforts both before and after the Investment Date to obtain any necessary consents or authorizations under the Approval Franchises to the purchase and sale of the Purchased Shares.

7.2 Consent Under Approval Franchises and by FCC Prior to the Investment Date. Buyer shall use its best efforts and all due diligence and dispatch, prior to and subsequent to the Investment Date (including, without limitation, by attendance at FCC or state regulatory hearings, City Council or similar meetings and hearings before local and county administrative bodies and Buyer will give Seller reasonable notice of the time and date of such meetings and hearings and by responding promptly to any requests by regulatory authorities) to apply for and obtain all requisite consents, approvals and authorizations (including ordinances approving transfers) required to be received by or on the part of Seller or Buyer under the terms of the Approval Franchises and from the FCC for the purchase and sale of the Purchased Shares. Completed applications with respect to the Approval Franchises and for consent of the FCC as described below shall be made within twenty-one (21) days from the date hereof. Buyer agrees to

accept the Approval Franchises and the other Franchises on their current terms, except as described in Sections 10.4 and 10.5, and will not seek or be required to accept any amendment thereof. Schedule 7.2 - FCC Licenses is a list of all FCC licences held by Seller. Seller agrees to use all due diligence to co-operate and assist Buyer in obtaining the foregoing approvals (including, without limitation, by execution of any and all applications and related documents and by attendance at FCC and state regulatory hearings, City Council or similar meetings and hearings before local and country administrative bodies). In addition, Seller shall provide Buyer with background information on the cities that have granted Franchises, their elected officials and staff and the regulatory history of the cities and shall introduce Buyer to the appropriate officials. Seller shall have the right, after consultation with Buyer, but not the obligation, to communicate directly with such governmental authorities with respect to said approvals, consents and authorizations, but the foregoing right of Seller and the exercise thereof, shall not diminish Buyer's obligation under this Section 7.2. Seller shall not be obligated to agree, nor shall Buyer make any representation to governmental authorities that Seller would agree to any continuing obligation under any Franchise as a condition of any consent or approval to the purchase and sale of the Purchased Shares. Each party shall be responsible for its own out-of-pocket costs incurred in applying for and obtaining all of the requisite consents, approvals and authorizations referred to above, provided however that Buyer shall be solely responsible for the cost and the implementation of all commitments made to any franchising authority in respect of such consents, approvals and authorizations referred to above, except that the costs of any consultant retained by or studies made by the franchising authority and the fees and disbursements of legal counsel retained by the franchising authority shall be borne by Buyer and Seller in equal shares. Buyer shall give Seller weekly progress reports with respect to the status of obtaining the foregoing consents, authorizations and approvals consisting of such information as Seller may from time to time reasonably request. Buyer will provide Seller with a copy of all correspondence between any franchising authority, the FCC, any federal, city, state or local governmental authority or regulatory body having jurisdiction and their respective agents and advisors in connection with the foregoing consents and approvals and if Buyer is the sender of such correspondence, such correspondence will be provided to Seller in advance of its sending.

7.3 Bank Financing. Buyer shall deliver to Seller by September 30, 1988, a description of its proposed plan for financing the purchase of the Purchased Shares and shall keep Seller generally informed of its progress in obtaining such financing.

7.4 Further Assurances. Each of the parties hereto shall, subject to the fulfilment at or before the Investment Date of each of the conditions to its performance set forth herein or the waiver thereof, perform such further acts and execute such documents (at the expense of the party requesting execution of same) as reasonably may be required to effectuate the transactions contemplated hereby.

7.5 Posting of Bonds. At the Investment Date Buyer will post all bonds, security deposits and letters of credit with utility companies, lessors under Safe Harbor Leases, surety companies and others and all bonds, security deposits and letters of credit required by the terms of any Franchise or to the extent required to enable Seller to obtain the release and cancellation of the letters of credit posted by Holdco and any of the Affiliates with utility companies, lessors under Safe Harbor Leases, surety companies or others or under the terms of any Franchise with respect to the Systems, as set forth on Schedule 7.5 - Bonds, Letters of Credit and Security Deposits and if Buyer is unable to obtain any of such releases or cancellations it will indemnify Seller and Seller's affiliates with respect thereto.

7.6 Hart-Scott Act. Buyer and Seller shall each make all necessary filings as promptly as practicable after the date hereof but in no event later than 30 days from the date hereof with the FTC and the Department of Justice pursuant to the Hart-Scott Act and promptly respond to any request for further information. The parties shall not unreasonably delay submission of information required by the FTC and the Department of Justice under the Hart-Scott Act and shall use their best efforts to supply such information promptly. Without limiting the generality of the foregoing, Seller shall, and shall use its best efforts to cause its Affiliates to, coordinate with Buyer the filing of the reports and information required by or pursuant to the Hart-Scott Act (and exchanging drafts thereof) so as to present such reports and information to the FTC and the Department of Justice as promptly as possible and to avoid substantial errors or inconsistencies in the description of the transaction.

7.7 Release. Buyer shall use its best efforts to obtain by the Investment Date releases of Rogers Communications Inc. and any person related to it from the performance guarantees for the franchise agreements set out below and will give Seller a monthly status report with respect to same:

(a) Portland Franchise Agreement;

(b) Multnomah Franchise Agreement;

(c) Minneapolis Franchise Agreement;

(d) Minnesota Southwest Franchise Agreement ;

(e) Garden Grove Franchise Agreement ; and

(f) Dickinson Pacific Cablesystems Franchise Agreements(Huntington Beach, Stanton, Westminster, Midway City and Fountain Valley) .

In the event that such releases are not obtained by the Investment Date, Buyer together with the Buyer's Guarantors (as hereinafter defined) shall, at that time, provide an indemnity in favour of Rogers Communications Inc. and its affiliates, such indemnity to be in form and content reasonably acceptable to Rogers Communications Inc.

7.8 Defence of Litigation. Each of the parties hereto agrees to vigorously defend against any actions, suits, or proceedings in which such party is named as a defendant which seeks to enjoin, restrain or prohibit the transactions contemplated hereby or seeks damages with respect to such transactions.

7.9 Financial Statements. As soon as reasonably practicable, but in no event later than 60 days after the date hereof and from time to time thereafter until the Investment Date or the earlier termination of this Agreement, Seller shall deliver to Buyer such audited annual and unaudited interim financial statements of Holdco and the Affiliates, as Buyer may reasonably request and as Seller may have or may prepare (there being no obligation on Seller to prepare any such financial statements which it normally does not prepare). Seller agrees to prepare at Buyer's expense such additional financial statements as Buyer may request.

7.10 Access to Records. After the Closing Date, Buyer shall give Seller and its authorized representatives, on reasonable notice, access to and copies of the books and records of Holdco and to the Affiliates for tax, litigation, regulatory or other proper purposes, including the defense or prosecution of any claim or the fulfillment of any legal requirement.

7.11 Change in Corporate Shareholders. Buyer covenants and agrees that no change in the shareholders referred to in Section 4.2 will take place prior to the Investment Date if the effect of such change is to require the applications referred to in Sections 7.2 and 7.6 to be amended or refiled.

7.12 Best Efforts. Each of the parties will use its best efforts to insure that on the Investment Date all conditions (including the accuracy of representations and warranties and compliance with consents) to consummation of purchase of the Purchased Shares are satisfied.

In the event that any party hereto should be in breach of any of its covenants set out in Sections 7.2, 7.3 and 7.6 or there should be a breach of the guarantees referred to in Section 8.1 or Section 9.1, then the party not in breach shall have the right to give the party in breach notice of the breach together with particulars thereof and the steps needed to cure such breach and the party in breach shall have five business days to remedy such breach. If such breach is not remedied within such five business day period, then the party not in breach may terminate this Agreement by notice in writing to the party in breach without prejudice to any of the rights and remedies that the party not in breach may have.

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GUARANTY OF ROGERS CABLESYSTEMS INC.

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Guaranty") is made as of the 9th day of August, 1988, by Rogers Cablesystems Inc., a Canadian corporation ("Guarantor") having its principal office at Toronto, Ontario, in favour of KBL Cable, Inc., a Texas corporation (the "Buyer") having its principal office at Houston, Texas.

WITNESSETH:

WHEREAS Rogers U.S. Holdings Limited ("Seller") and Buyer are parties to that certain Stock Purchase Agreement dated August 9, 1988 (the "Purchase Agreement"); and

WHEREAS Buyer has agreed to enter into and execute the Purchase Agreement only on the condition that Guarantor execute and deliver this Guaranty; and

WHEREAS pursuant to Section 8.1 of the Purchase Agreement, Guarantor is executing and delivering this Guaranty;

NOW, THEREFORE, with reference to the above recitals and in reliance thereon, and in order to induce Buyer to enter into and execute the Purchase Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, Guarantor hereby agrees as follows:

ARTICLE I

GUARANTY

Section 1.1 Definitions. Each Term used herein which is defined in the Purchase Agreement or in the Schedules thereto referred to therein shall have the same meaning as set forth therein unless the context otherwise requires.

Section 1.2 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to Buyer and to its successors or permitted assigns the full, prompt and complete performance of all obligations of Seller (and any successor or assign of Seller pursuant to Section 12.10 of the Purchase Agreement) set forth in the Purchase Agreement and Schedules thereto and all deeds, bills of sale, contracts and other instruments executed and delivered by Seller pursuant thereto. Guarantor agrees that its obligations hereunder shall be unconditional, absolute and irrevocable in that if Seller defaults in the performance or fulfillment or discharge of any agreement, covenants, undertaking, obligation, liability or warranty under the Purchase Agreement, including the Schedules thereto, or under any deed, bill of sale, contract or other instrument executed and delivered by Seller pursuant thereto, Guarantor shall immediately fulfill

and/or perform and/or discharge such agreement, covenant, obligation, undertaking, liability and/or warranty of Seller. The obligation of Guarantor to Buyer hereunder is absolute and unconditional. The obligations set forth herein are a guaranty of payment and performance and not just collection.

The obligations of Guarantor hereunder shall not be in any way discharged or impaired or otherwise affected, and the rights of Buyer hereunder shall not be in any way diminished or affected by, (i) any insolvency, bankruptcy, receivership, reorganization, dissolution or liquidation of Seller, (ii) any sale or transfer by Guarantor of any capital stock of Seller or any merger, consolidation or sale of assets by or involving Seller, (iii) any failure, delay or waiver on the part of Seller, whether with or without fault on its part, in enforcing the obligations of Seller under the Purchase Agreement, (iv) any modification, amendment or supplement to the Purchase Agreement and Schedules thereto or any deed, bill of sale, contract or other instrument executed and delivered by Seller pursuant thereto, which modifications, amendments or supplements may be made without the consent of Guarantor, or (v) any other circumstances which might be deemed to constitute a legal or equitable defence of Guarantor as a surety or guarantor, or otherwise. Without limiting the generality of the foregoing, Guarantor hereby waives notice of acceptance of this Guaranty Agreement, presentment, demand, protest, notice of nonpayment or notice of any default in response to this Guaranty Agreement and any and all other notices which may be required to preserve intact all rights against Guarantor hereunder, and Guarantor agrees that the obligations of Guarantor hereunder shall not be affected by any modification, termination or extension of any provision of the Purchase Agreement or the transactions contemplated thereby or the documents referred to therein.

**ARTICLE II
DURATION**

This Guaranty Agreement shall continue in force until all obligations of Seller under the Purchase Agreement, including the Schedules thereto, and under all deeds, bills of sale, contracts or other instruments executed and delivered by Seller pursuant thereto shall have been satisfied or until the applicable statute of limitations under the laws of the State of New York shall have run as to any particular claim.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF GUARANTOR**

Guarantor represents and warrants to Buyer as follows:

- (a) Guarantor is a corporation duly organized and validly existing in good standing under the laws of Canada, and has all requisite corporate power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Guaranty Agreement.

- (b) The execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor, and no other proceedings are necessary to authorize this Guaranty Agreement and the transactions contemplated hereby, or the performance or compliance by Guarantor with any of the terms, provisions or conditions hereof.
- (c) This Guaranty Agreement has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of guarantor enforceable against Guarantor in accordance with its own terms.
- (d) Neither the execution and delivery by Guarantor of this Guaranty Agreement nor the consummation of any of the transactions contemplated hereby requires the consent of or approval of, the giving of notice to, or the registration with, the recording or filing of any document with, or the taking of any action in respect of any governmental authority or agency.
- (e) There are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor or its assets before any court or administrative agency which are likely to be determined adversely to Guarantor and which would have a material adverse effect on Guarantor so as to affect its ability to perform under this Guaranty Agreement.
- (f) The execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby will not violate any provision of law, or the provision of any order, judgment or decree of any court or other governmental agency or the charter documents or By-laws of Guarantor or any agreement or other restriction to which Guarantor is a party or by which Guarantor is bound or result in a breach or constitute (with due notice or lapse of time or both) a default under any contract or agreement to which Guarantor is a party or by which it is bound.

ARTICLE IV OTHER REMEDIES

Guarantor further agrees that nothing contained herein shall prevent Buyer from suing or from exercising any rights available to it under the Purchase Agreement or any of the Schedules thereto and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor hereunder. The failure or forbearance of Buyer to exercise any right thereunder, or otherwise granted to it by law or another agreement, shall not affect the obligation of Guarantor hereunder and shall not constitute a waiver of said right.

ARTICLE V
MISCELLANEOUS

Section 5.1 Successors and Assigns. This Guaranty Agreement shall be binding upon Guarantor, its successors and assigns and shall enure to the benefit of and shall be enforceable by Buyer and its successors and assigns.

Section 5.2 Expenses of Enforcement. Guarantor agrees to pay legal charges, expenses and costs, including reasonable attorneys' fees, which may be incurred in the enforcement of this Guaranty Agreement.

Section 5.3 Governing Law. THIS GUARANTY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 5.4 Severability. Every provision of this Guaranty Agreement is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty Agreement to be executed by its respective officers ~~thereto~~ duly authorized as of the year and date first above written.

ROGERS CABLESYSTEMS INC.

By: "Graham W. Savage"
Senior Vice-President,
Investments

Accepted as of the above date

KBL CABLE, INC.

By: "William A. Cropper"

SCHEDULE 1

System	Franchising Authority	Nature of Authorization	Franchise Fee	Franchise Expiration Date	
1. Texas System					
A. Greater San Antonio (TX)					
Rogers Cable-systems of the Southwest, Inc.	Bexar County	Resolution	3%	Not Specified	
	Ft. Sam Houston	Contract	NA	2/28/90	
	Randolf AFB	Contract	NA	4/30/90	
	Kelly AFB	Contract	NA	4/30/92	
	Brooks AFB	Contract	NA	4/30/92	
	Lackland AFB	Contract	NA	4/30/92	
	* Universal City	Ordinance	5%	7/11/93	
	* Selma	Ordinance	5%	7/19/93	
	* Converse	Ordinance	5%	7/24/93	
	* Cibola	Ordinance	3%	8/2/93	
	* Windcrest	Ordinance	3%	8/13/93	
	* Live Oak	Ordinance	3%	8/21/93	
	* Schertz	Ordinance	3%	9/4/93	
	Olmos Park	Ordinance	3%	10/22/93	
	[San Antonio	Ordinance	5%	11/5/93]	
	Hollywood Park	Ordinance	5%	12/20/93	
	Alamo Heights	Ordinance	3%	1/7/94	
	Balcones Heights	Ordinance	3%	1/30/94	
	Grey Forest	Ordinance	3%	1/30/94	
	Castle Hills	Ordinance	5%	2/7/94	
	Shavano Park	Ordinance	3%	2/13/94	
	Hill Country Village	Ordinance	5%	2/15/94	
	Terrell Hills	Ordinance	3%	3/7/94	
	Kirby	Ordinance	3%	3/15/94	
	Leon Valley	Ordinance	5%	5/16/94	
	China Grove	Ordinance	3%	8/6/95	
	Helotes	Ordinance	3%	2/16/97	
	Cornal County	Resolution	3%	Not Specified	
		Guadalupe County	Resolution	3%	Not Specified
	Rogers Cable-systems of West Texas, Inc. and Rogers Cable-systems of Alamogordo, Inc.	(1) Bexar County	Resolution	3%	Not Specified
		(1) No Franchise			

<u>System</u>	<u>Franchising Authority</u>	<u>Nature of Authorization</u>	<u>Franchise Fee</u>	<u>Franchise Expiration Date</u>
B. Laredo (TX)				
Rogers Cable-systems of the Southwest, Inc.	*Laredo (1) Webb County	Ordinance	5% 5%	12/17/98 Not Specified
2. Minnesota System				
Rogers Cable-systems of Minneapolis-Minnesota Limited Partnership	*Minneapolis	Ordinance	5%	11/30/04
Rogers Cable-systems of Minnesota Limited Partnership	*Eden Prairie, *Edina, *Hopkins, *Minnetonka, *Richfield	Ordinance	3%	12/31/99
3. Oregon System				
Rogers-Portland Cablesystems - Oregon Limited Partnership	*Portland	Ordinance	5%	5/1/96
Rogers-Multnomah Cablesystems Oregon Limited Partnership	*Multnomah County *City of Gresham *City of Troutdale *City of Fairview *City of Wood Village	Franchise Agt.	5%	5/23/98
4. California System				
Rogers Cablesystems of the Southwest, Inc.	Rossmore/Orange County *Los Alamitos *Garden Grove	Ordinance and Resolution Ordinance and Franch. Agmt Ordinance	3% 5% 5%	9/26/95 5/9/97 8/11/97

(1) No Franchise

<u>System</u>	<u>Franchising Authority</u>	<u>Nature of Authorization</u>	<u>Franchise Fee</u>	<u>Franchise Expiration Date</u>
4. California System (continued)				
Dickinson Pacific	*Fountain Valley	Resolution	5%	9/30/99
Cablesystems -	*Huntington Beach	Resolution	5%	9/30/99
California	*Stanton	Resolution	5%	9/30/99
General	*Westminster	Resolution	5%	9/30/99
Partnership	(1) Midway City/ Orange County	Resolution and Ordinance	5%	5/21/97

* Franchises which Buyer has determined require approvals

(1) No Franchise

Schedule 1.1(a)

Proposed Preference Share Conditions

1. The authorized capital of the Corporation shall be increased by the creation of 100 shares of a class of shares to be designated as Series A Multiple Voting Preferred Shares with a par value of \$0.01 each (hereinafter referred to as the "Special shares"), which Special shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) The Special shares shall be redeemable at the option of the Corporation or the holder thereof as set forth below.

(i) Upon receipt by the Corporation of an instrument in writing (the "Instrument") signed by the holder or holders of a majority of the issued and outstanding shares of common stock in the capital stock of the Corporation requesting that the Corporation redeem that number of Special shares stated in the Instrument on the date specified in the Instrument, which date shall be at least three days after the date the Instrument is delivered to the Corporation, the Corporation shall redeem the number of Special shares specified in the Instrument to be redeemed on payment for each share to be redeemed of an amount equal to \$1,000 per share (the "redemption price"). The Corporation shall, at least twenty-four (24) hours before the date specified for redemption, deliver to each person who at the date of delivery is a registered holder of Special shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Special shares; such notice shall be delivered to each such shareholder at his address as it appears on the books of the Corporation or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided, however, that accidental failure to give notice to one or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and, if part only of the shares held by the person to whom such notice is addressed is to be redeemed, the number thereof to be redeemed; on or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Special shares to be redeemed the redemption price on presentation and surrender at the principal office of the Corporation or any other place designated in such notice of the certificate or certificates representing the Special shares called for redemption; such Special shares shall thereupon be redeemed; if a part only of the Special shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation; from and after the date specified in any such notice, such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of stockholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Corporation shall have the right at any time after the delivery of notice of its intention to redeem any Special shares as aforesaid to deposit the redemption price of the Special shares so called for redemption or of such of the said shares as are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to an account in any national bank or any trust company in the United States of America named in such notice to be paid without interest to or to the order of the respective holders of such Special shares called for

redemption, upon presentation and surrender to such bank or trust company of the certificates representing the same and, upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Special shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

- (ii) At any time after August 31, 1990, a holder of Special shares shall be entitled to require the Corporation to redeem at any time or times, all or any part of the Special shares registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its principal office a share certificate representing the Special shares which the holder desires to have the Corporation redeem together with a request in writing specifying (i) that the registered holder desires to have the Special shares represented by such certificate redeemed by the Corporation and (ii) the business day (referred to as the "Redemption Date") on which the holder desires to have the Corporation redeem such shares. Requests in writing shall specify a Redemption Date which shall be not less than thirty (30) days after the day on which the request in writing is given to the Corporation. Upon receipt of a share certificate representing the Special shares which the holder desires to have the Corporation redeem together with such a request the Corporation shall on the Redemption Date redeem such Special shares by paying to such registered holder an amount equal to the redemption price. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in the United States of America. The said Special shares shall be redeemed on the Redemption Date and from and after the Redemption Date, such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of Special shares in respect thereof unless payment of the redemption price is not made on the Redemption Date, in which event the rights of the holders of the said shares shall remain unaffected.
- (b) The holders of the Special shares shall not be entitled to receive any dividends on the said Special Shares.
- (c) In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Special shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares, an amount per Special share equal to \$1,000 per share, and no more.
- (d) Holders of the Special shares shall be entitled to receive notice of and to attend and vote, together with the shares of common stock, at all meetings of the stockholders of the Corporation and shall have ten thousand (10,000) votes for each Special share held.

- (e) The Special shares shall not be transferable by any holder, except to the holder, from time to time, of all the issued and outstanding shares of common stock of the Corporation, unless prior to or contemporaneous with such transfer, the holder or holders of a majority of the issued and outstanding shares of common stock of the Corporation has or have, as the case may be, consented to such transfer by an instrument or instruments in writing signed by such holder or holders and any transfer or purported transfer without such consent shall be of no force and effect whatsoever and the transferee or purported transferee shall acquire no right whatsoever in such shares. The foregoing consent to any transfer shall not be unreasonably withheld by the common stockholders and in any event, shall be given if the holder wishing to transfer Special shares delivers to the Corporation an opinion of counsel to the effect that such transfer will not:
- (i) require any consent from the Federal Communications Commission;
 - (ii) require any approval or filing pursuant to the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976; and
 - (iii) require the consent or approval of any authority that has granted to the Corporation or any subsidiary thereof a franchise, licence, permit or other authority to operate a cable television system.
- (f) Any amendment to the certificate of incorporation of the Corporation to delete or vary any preference, right, condition, restriction, limitation, prohibition or powers attaching to the Special shares or to create additional shares of capital stock ranking prior to or on a parity with the Special shares with respect to dividends or distribution in liquidation, may only be authorized by at least 2/3 of the votes cast at a meeting of the holders of the Special shares duly called for that purpose, in addition to any other vote required by the Delaware General Corporation Law or required by the certificate of incorporation of the Corporation.
- (g) The Corporation shall pay any stock transfer taxes in connection with any redemption of Special shares.
- (h) The share certificates of the Corporation evidencing the Special shares shall bear a legend advising of the foregoing restrictions on transfer, such legend to be in form and content acceptable to the Corporation.
2. All matters or questions proposed for the consideration of the stockholders of the Corporation at any meeting of the stockholders of the Corporation shall be determined by the unanimous vote of the stockholders present in person or represented by proxy thereat; alternatively, any resolution of the stockholders of the Corporation may be passed by an instrument in writing signed by all of the stockholders of the Corporation.
3. A quorum for meetings of the stockholders of the Corporation shall be two persons or their proxy nominees present in person holding or representing by proxy 100% of the voting shares of the Corporation.

SCHEDULE 1.3

Capital Expenditure Budget

MAJOR PROJECTS

	California	San Antonio	Laredo	Minneapolis	Portland	Total
End B Radio	26	140	57	30	34	327
New Area (1)	0	242	10	0	0	252
Forced Replacement	340	307	0	90	203	1,340
Voluntary Replacement	112	448	0	0	0	600
Other Wiring (1)	0	30	0	0	0	30
Printing Equipment	0	0	0	435	43	379
Equipment	35	10	0	0	40	95
For Vehicle Equipment	30	274	2	20	134	447
For	195	442	94	120	165	1,036
For Furniture & Equipment	31	30	0	30	209	320
For, Data Processing & Electronic Office Equipment	71	109	0	100	5	285
For Telephone Improvements	39	30	0	40	41	150
For Transmitters	224	10	10	141	10	411
Capital Expenditures	1,111	2,473	181	1,846	919	5,720

Includes expenditures for new area that is energized and subscriber wiring now so those are covered in the per subscriber amounts. Balance of plant new area represents new expenditures for joint branch construction not energized at January 31, 1959. Balance of subscriber wiring represents cost of routing only.

SAN ANTONIO
 Plant forced replacement 0207 - Civic Improvement Project 0120
 - Pole Transfer/Change Gate 20
 - Downtown Improvement Project 007
 - Other 7
 See attached for other major projects. 0207

PORTLAND
 Other Equipment 040 - Hayden Island Interconnect, to provide local
 or direction services to residents of Hayden Island.
 Tools, Test & Vehicle Equipment 0100 - Two-way radio system - 841
 - Other Equipment - 37 0110
 Office Furniture & Equipment 0195 - New ACR Phone System - 0140
 - Other Equipment 45 0195
 MINNEAPOLIS
 Programming Equipment 0130 - Entering equipment upgrade for equipment 0130
 Programming Equipment 0205 - WIA replacement cost 830
 - Advertising channel equipment 200
 - Other 35 0205
 Computer, Data Processing and Electronic Office Equipment 000 - Auto dialer for
 telemarketing.

CALIFORNIA
 Plant forced replacement 0350 - 0075 cleanup Orange County

Handwritten initials: LRC, J.R.

SCHEDULE 3.1 - HOLDCO AND ITS SUBSIDIARIES

RCA Cablesystems Holding Co. ("RCACH")

1. Authorized Capital 1,000 Common, pv \$0.01
100 Series A Multiple Voting
Preferred Shares pv \$.01
2. Issued Capital
 - Common
 - Series A Multiple Voting Preferred Shares
3. Registered and Beneficial
Owner of Capital Stock Rogers U.S. Holdings Limited
4. Jurisdiction of Incorporation Delaware
5. State where qualified or
licensed to carry on business Delaware

Rogers Cablesystems of America, Inc. ("RCA")

1. Authorized Capital 20,000,000 Common, pv \$.01
2. Issued Capital 18,318,648 Common
3. Registered and Beneficial
Owner of Capital Stock 100% - 18,318,648 Common owned by RCACH
Note: Prior to cash merger of RCA on June 27,
1988, 35,939 Class A Common shares of RCA were
issued to the public. Effective upon the merger,
these Class A shares were converted into the right to
receive \$22.50 in cash from RCA, subject to the
exercise of appraisal rights under Delaware corporate
law.
4. Jurisdiction of Incorporation
or Organization Delaware
5. State where qualified or
licensed to carry on business Delaware

Rogers U.S. Cablesystems, Inc. ("RUSCI")

1. Authorized Capital 5,000 Common voting, pv \$1.00
4,000 Series A Preferred, pv \$1,000, 15%
non-cumulative.
2. Issued Capital 3,117 Common voting
4,000 Series A Preferred
3. Registered and Beneficial Owner of Capital Stock 100% of Common and Series A preferred issued to RCA
4. Jurisdiction of Incorporation Delaware
5. States where qualified or licensed to carry on business Delaware, California, Minnesota, Oregon

Rogers Cablesystems of the Southwest, Inc. ("RCTSI")

1. Authorized Capital 60,000 Common voting, pv \$1.00
3,000,000 Preferred, cumulative, non-voting, pv .01
2. Issued Capital 54,725 Common voting
2,250,000 Preferred cumulative, non-voting
3. Registered and Beneficial Owner of Capital Stock 100% of Common voting and Preferred, cum. non-voting issued to RUSCI
4. Jurisdiction of Incorporation Minnesota
5. States where qualified or licensed to carry on business Minnesota, Texas, California, Oregon
6. Fictitious or trade names under which carries on business Rogers Cable TV
Rogers Cablesystems
Cablesystems El Monte

Rogers Cablesystems of West Texas, Inc.

1. Authorized Capital 100,000 Common, pv \$1.00
2. Issued Capital 86,000 Common
3. Registered and Beneficial Owner of Capital Stock 100% of Common issued to RUSCI
4. Jurisdiction of Incorporation Texas
5. State where qualified or licensed to carry on business Texas

3

Rogers Cablesystems of Alamogordo, Inc.

- | | |
|--|---|
| 1. Authorized Capital | 8,000 Class A Common, pv \$1.00
12,000 Class B Common, pv \$1.00 |
| 2. Issued Capital | 8,000 Class A Common |
| 3. Registered and Beneficial Owner of Capital Stock | 100% of Class A Common issued to RUSCI |
| 4. Jurisdiction of Incorporation | New Mexico |
| 5. States where qualified or licensed to carry on business | New Mexico, Texas |

Rogers Cablesystems of Multnomah, Inc. ("RCMUL")

- | | |
|---|--------------------------------|
| 1. Authorized Capital | 1,000 Common, npv |
| 2. Issued Capital | 10 Common |
| 3. Registered and Beneficial Owner of Capital Stock | 100% of Common issued to RUSCI |
| 4. Jurisdiction of Incorporation | Oregon |
| 5. State where qualified or licensed to carry on business | Oregon |

Rogers Multnomah Cablesystems Limited Partnership

- | | |
|---|--|
| 1. General Partner | RCMUL - 25% interest in Partnership (50% after breakeven) |
| 2. No. of Partnership Units Authorized for Issuance and Issued | 375 Limited Partnership Units Outstanding
75% interest in Partnership (50% after breakeven) |
| 3. No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | RCMUL holds 313.6 units or 62.7% of the Partnership plus 25% as General Partner
22 third party limited partners hold 61.416 units (12.3% or 8.2% after breakeven) |
| 4. Jurisdiction of Organization | Oregon |

Rogers Cablesystems of Minneapolis, Inc. ("RCMIN")

1. Authorized Capital 25,000 Common, pv \$1.00
2. Issued Capital 10 Common
3. Registered and Beneficial Owner of Capital Stock 100% of Common issued to RUSCI
4. Jurisdiction of Incorporation Minnesota
5. State where qualified or licensed to carry on business Minnesota

Rogers Cablesystems of Minneapolis Limited Partnership

1. General Partner RCMIN 12.5052% interest in the partnership (50% after break even)
2. No. of Partnership Units Authorized for Issuance and issued 348 2/3 Limited Partnership Units outstanding - 87.4948% interest (50% after break even)
3. No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party 316 1/3 Units (79.1163%) interest held by RCMIN; 30 third party limited partners hold 33.5 units or 8.3785%
4. Jurisdiction of Organization Minnesota

Rogers-Portland Cablesystems Limited Partnership

1. General Partner RCTSI 50% interest in Partnership
2. No. of Partnership Units Authorized for Issuance and Issued 498 Limited Partnership units outstanding (50% of partnership)
3. No of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party RCTSI holds 488 Units, 49% of the Partnership (99% total) Rogers Communications Inc. holds 10 units (1%) (to be transferred to a subsidiary of RCACH prior to closing)
4. Jurisdiction of Organization Oregon

Rogers Cablesystems of Minnesota Limited Partnership

- | | | |
|----|--|--|
| 1. | General Partner | RCTSI |
| 2. | No. of Partnership Units Authorized for Issuance and Issued | 1800 Partnership units outstanding (100%) |
| 3. | No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | RCTSI holds 1793.75 units (99.6528%);
RUSCI holds 6.25 units (.3472%) |
| 4. | Jurisdiction of Organization | Minnesota |

Dickinson Pacific Cablesystems

- | | | |
|----|--|--|
| 1. | General Partner | RCTSI and Rogers Cable T.V. Inc. (RCTVI)
are the General Partners |
| 2. | % of Partnerships Authorized for Issuance and Issued | 100% |
| 3. | % of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | |
| 4. | Jurisdiction of Organization | California |

Laredo Microwave Inc.

(Inactive)

- | | | |
|----|--|---------------------|
| 1. | Authorized Capital | 250 Shares pv \$100 |
| 2. | Issued Capital | 150 Shares |
| 3. | Registered and Beneficial Owner of Capital Stock | 100% owned by RUSCI |
| 4. | Jurisdiction of Incorporation | Texas |
| 5. | State where qualified or licensed to carry on business | Texas |

Rogers Cable TV, Inc.

1. Authorized Capital 1,000 Common, pv \$1.00
2. Issued Capital 1,000 Common
3. Registered and Beneficial Owner of Capital Stock 100% owned by RUSCI
4. Jurisdiction of Incorporation Delaware
5. State where qualified or licensed to carry on business Delaware

Rogers Funding Corp.

1. Authorized Capital 100 Common shares, pv \$1.00
2. Issued Capital 100 Common
3. Registered and Beneficial Owner of Capital Stock Rogers Cablesystems of the Southwest, Inc.
4. Jurisdiction of Incorporation Delaware

SCHEDULE 3.8

PENSION PLANS

3.8 (i) The Seller currently maintains in the United States a defined benefit retirement plan and has maintained in the United States a defined contribution plan.

The defined contribution plan, referred to as the Rogers Cablesystems of America Retirement Plan (hereinafter the "Retirement Plan") has been terminated, and it is anticipated that benefits will be distributed to all participants and beneficiaries by the Investment Date. The plan number is 101.

The Seller currently maintains a defined benefit retirement plan in the United States, referred to as The Pension Plan For Rogers U.S. Cablesystems, Inc. and Associated and Affiliated Companies (hereinafter the "Pension Plan"). The plan number is 001.

3.8 (ii) The Seller has not yet been able to find a determination letter for the Retirement Plan, although the Seller believes that the Retirement Plan has received a favourable determination letter from the IRS with respect to its status under Section 401 of the Internal Revenue Code. The Retirement Plan may have been amended late for TEFRA, DEFRA, and REA. However, even if this were so, no employer contributions were made during the affected years. The Seller believes the Retirement Plan to have been qualified upon termination.

3.8 (iii) A technical accumulated funding deficiency may have resulted in 1985 under the Pension Plan due to a late payment by the Syracuse affiliate. Currently there is not an accumulated funding deficiency.

3.8 (iv) Nil.

3.8 (v) Nil.

3.8 (vi) (x) - contracts each dated May 17, 1988, between Rogers Cablesystems of the Southwest Inc. and each of David Edwards, Wayne Gamblin, Cliff Williams, Adam Haas and Michael Schenker and the contracts with the following individuals:

Minnesota and Oregon Systems

Tony Werner
Sallie Fischer
Debra Cottone
Lonnie McNamara
Scott Ekes
Dennis Quail
Joan Feyen
Joan Renie
John Rivenburgh

California System

Linda Moulton
Barry Moore
Dick Vanden Bosch
Ray Edwards

Texas System

Missy Goerner
Gene Shatlock
Stan Johnston
Rick Palmer
Brenda Regur

(y) - Nil.

- (z) (1) Rogers Cablesystems of America, Inc. Medical Benefits Plan (Plan Number 501).
- (2) Rogers U.S. Cablesystems, Inc. Medical Benefits Plan (Plan Number 502).
- (3) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Medical Benefits Plan (Plan Number 503).
- (4) Rogers Cablesystems of America, Inc. Dental Benefits Plan (Plan Number 511).
- (5) Rogers U.S. Cablesystems Inc. Dental Benefits Plan (Plan Number 512).
- (6) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Dental Benefits Plan (Plan Number 513).
- (7) Rogers Cablesystems of America, Inc. Group Life Insurance Plan and the Rogers Cablesystems of America, Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 521); (Plan Number of the Accidental Death and Dismemberment Plan is 531).
- (8) Rogers U.S. Cablesystems, Inc. Group Life Insurance Plan and the Rogers U.S. Cablesystems Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 522); (Plan Number of the Accidental Death and Dismemberment Plan is 532).
- (9) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Group Life Insurance Plan and the Rogers U.S. Cablesystems, Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 523); (Plan Number of the Accidental Death and Dismemberment Plan is 532).
- (10) Rogers Cablesystems of America, Inc. Weekly Income Insurance Plan and the Rogers Cablesystems of America, Inc. Long-Term Disability Plan. (Plan Number of the Weekly Income Insurance Plan is 541); (Plan Number of the Long-Term Disability Plan is 551).

**(11) Rogers U.S. Cablesystems, Inc. Long-Term Disability Plan
(Plan Number 552).**

List of Rogers' FCC Licenses

I. Two Earth Stations

<u>Call Sign</u>	<u>Location</u>	<u>Expiration Date</u>
E6737	Minneapolis, MN	11-30-94
E3968	Minneapolis, MN	07-15-93
E3327	San Pablo, CA	06-28-91
E5629	Portland, OR	03-20-91
E860230	Garden Grove, CA	03-21-96
E3585	Huntington Beach, CA	10-09-91
E3358	Escondido, CA	11-13-91
K867	Laredo, TX	02-13-92
KL72	San Antonio, TX	11-20-91
E4959	San Antonio, TX	11-08-92

II. Cable Microways

WH2238	Minneapolis, MN	07-01-97
WH2244	Minneapolis, MN	07-01-97
WXR602	Huntington Beach, CA	02-01-89
WXR604	Lakewood, CA	02-01-89
WGV510	Downey, CA	02-01-89
WZ169	Garden Grove, CA	02-01-89
WDP498	Laredo, TX	08-01-89
WJ181	San Antonio, TX	12-01-89
WJ404	San Antonio, TX	02-01-90
WJ408	San Pedro, TX	03-01-90
WJ409	Sumo, TX	08-01-90
WJ441	Thornwood, TX	08-01-90
WST282	Palo Alto, TX	08-01-90
WAV639	Gonzales, TX	03-01-90
WAV640	Tarboro, TX	03-01-90
WAX984	San Antonio, TX	03-01-90

III. Business Radio

KNC2227	Portland, OR	06-08-92
KA64346	Garden Grove, CA	09-10-91
KB49672	Garden Grove, CA	09-10-91
WHZ569	San Angelo, TX	03-22-91

W.C. 1/10

SCHEDULE 7.5
BONDS, LETTERS OF CREDIT
and SECURITY DEPOSITS

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LISTING OF CREDIT OBLIGATIONS WHICH HAVE BEEN ISSUED BY PUBLIC UTILITIES

ISSUER	STATE	ISSUANCE DATE	AMOUNT	TYPE OF OBLIGATION	ISSUANCE DATE	AMOUNT	STATE	ISSUANCE DATE	AMOUNT	TYPE OF OBLIGATION	ISSUANCE DATE	AMOUNT	STATE
First Interstate Bank of California	California	United Artists Cabletelem Corporation	1-1-1970	US \$1,000,000.00	Safe Harbour L/C	San Antonio	(old... lease ins.)						
First Interstate Bank of California	California	Armed Corporation	1-1-1971	US \$3,733,000	Safe Harbour L/C	San Antonio	(old... lease ins.)						
The Toronto-Dominion Bank San Francisco Agency	California	Armed Corporation	3-18-1977	US \$2,255,000	Safe Harbour L/C	Dickinson Pacific Cabletelem							
The Toronto-Dominion Bank Atlanta Agency	Georgia	Southwestern Bell Telephone Co.	6-1	US \$ 300,000	To support obligations under a license agreement	San Antonio	(old... lease ins.)						
The Toronto-Dominion Bank Atlanta Agency	Georgia	Southwestern Bell Telephone Co.	6-1	US \$ 75,000	To support obligations under a license agreement	Toronto							
City National Bank of Toronto	Toronto	City of Toronto	1-1-73	US \$ 25,000	To support franchise obligations	Toronto							
The Toronto-Dominion Bank San Francisco Agency	California	The County of Orange	3-16-1968	US \$ 10,000	To support franchise obligations	California							
The Toronto-Dominion Bank San Francisco Agency	California	City of Los Angeles	3-16-1968	US \$ 25,000	To support franchise obligations	California							

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JAMES

RECEIPTS

A/C. NO. AMOUNT

ISSUES

ISSUES ON

The Toronto-Dominion Bank
San Francisco Agency

City of Garden Grove

0348/1030 US \$ 100,000

To support
franchise
obligations

California

The Toronto-Dominion Bank
San Francisco

The Cable Regulatory Commission
of the Cities of Grohman, Fairview
Trendelen, Wood Village and Multnomah
County

0346/1044 US \$ 100,000

To support
franchise
obligations

Multnomah

The Toronto-Dominion Bank
Atlanta Agency

City of Edina

746 US \$ 30,000

To support
franchise
obligations

Begors Cable-
systems of
Minnesota
Limited
Partnership

The Toronto-Dominion Bank
Atlanta Agency

City of Iowa Prairie

730 US \$ 30,000

To support
franchise
obligations

Begors Cable-
systems of
Minnesota
Limited
Partnership

The Toronto-Dominion Bank
Atlanta Agency

City of Neptune

740 US \$ 30,000

To support
franchise
obligations

Begors Cable-
systems of
Minnesota
Limited
Partnership

The Toronto-Dominion Bank
Atlanta Agency

City of Minnetonka

749 US \$ 30,000

To support
franchise
obligations

Begors Cable-
systems of
Minnesota
Limited
Partnership

The Toronto-Dominion Bank
Atlanta Agency

City of Stickfield

747 US \$ 30,000

To support
franchise
obligations

Begors Cable-
systems of
Minnesota
Limited
Partnership

2937
issue on
MAY 1952

<u>ISSUER</u>	<u>INSURANCE</u>	<u>U.S. OR FOREIGN</u>	<u>AMOUNT</u>	<u>PURPOSE</u>	<u>REGISTRATION</u>
The Toronto-Dominion Bank Atlanta Agency	Federal Insurance Company	737	US \$ 2,600,000	To support performance bonds	Regera Cable systems of Minneapolis limited Partnership
The Toronto-Dominion Bank Chicago Branch	Federal Insurance Company	0001	US \$ 2,300,000	To support performance bonds	Regera Cable systems of Minneapolis limited Partnership
The Toronto-Dominion Bank Chicago Branch	Federal Insurance Company	0033	US \$ 2,300,000	To support performance bonds	Regera Cable systems of Minneapolis limited Partnership
Northern National Bank of Minneapolis	City of Minneapolis	00 1278	US \$ 600,000	To support franchise obligations	Regera Cable systems of Minneapolis limited Partnership
The Toronto-Dominion Bank Atlanta Agency	City of San Antonio Public Works	731	US \$ 600,000	To support obligation to make payments for downout construction to lay cable.	Regera Cable systems of the Southwest, Inc. (San Antonio Division)

0116187210

TEXAS SYSTEM

The bonds described below are currently in force:

<u>Bond Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Priming Expiration</u>
8181600	Federal	City of Winderess	250,000.	Feb. 01, 191
809733108	Federal	City of Live Oak	50,000.	Aug. 31, 191
809733108	Federal	City of Cibola	50,000.	Aug. 31, 191
809733108	Federal	City of Selma	50,000.	Aug. 31, 198
809733108	Federal	City of Universal City	50,000.	Aug. 31, 198
809733107	Federal	City of Commerce	50,000.	Aug. 31, 198
809733108	Federal	City of Schertz	50,000.	Aug. 31, "
809733140	Federal	Southern Bell Telephone Co.	5,000.	Aug. 31, 198
809733142	Federal	City of San Antonio	25,000.	Aug. 31, 198
809733108	Federal	Bexar County	50,000.	Aug. 31, 198
81649479	Federal	Southern Bell Telephone Co.	50,000.	Nov. 1, 1968

NOTE: ALL THESE BONDS ARE BY U.S. DE. LA. 2.

Life
9/12

TEXAS SYSTEM

The bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Force of</u>	<u>Amount</u>	<u>Original</u> <u>Maturity</u>
80984287	Federal	Southwestern Bell Telephone Co.	\$5,000.	Aug. 31.
83002644	Federal	Central Power & Light	\$,000.	Feb. 19.

NOTE: THIS COPY IS IN U.S. POSSESSION.

L.H.
9/10

MINNESOTA SYSTEM

The Bonds described below are currently in force:

<u>Bond Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Original Maturity</u>
80626734	Federal	Northern States Power Co.	\$5,000.	Feb. 18, 1989
80826735	Federal	Northwestern Bell Telephone	\$5,000.	Feb. 18, 1989
81164819	Federal	State of Minnesota	\$,000.	July 1, 1988

NOTE: ALL THESE BONDS ARE IN U. S. REGISTRY.

CH
FSK

OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Issue</u> <u>Date</u>
8092567E	Federal	Northwestern Bell Telephone	\$ 35,000.	March 1, 1968
8092567	Federal	City of Minneapolis	2,100,000	Oct. 21, 1968
81164816	Federal	State of Minnesota	5,000.	July 31, 1968

NOTE: ALL THESE BONDS ARE IN U.S. DOLLARS.

Let
11

OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond</u>	<u>ISSUER</u>	<u>IN FAVOR OF</u>	<u>AMOUNT</u>	<u>PREMIUM</u> <u>DATE</u>
80903742	Federal	Clatsamas County	\$12,000.	Sept. 16, 19
81034034	Federal	Pacific Power & Light Company	25,000.	Oct. 16, 19
81034033	Federal	General Telephone of the W. V. Inc.	5,000.	Oct. 12, 19

NOTE: THIS BOND IS IN U.S. DOLLARS.

Life
11

OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Issue</u> <u>Contract</u>
61816778	Federal	City of Portland	\$100,000.	Oct 4, 1968
60626778	Federal	Pacific Power & Light Company	10,000.	Mar. 31, 1969
60826926	Federal	Oregon State Highway Commission	2,000.	Aug. 6, 1968
60826927	Federal	Oregon State Highway Commission	2,000.	Aug. 6, 1968
60904749 *	Federal	Pacific Northwest Bell Telephone	24,000.	Sept. 2, 1968
60970617 *	Federal	Pacific Power & Light Company	2,000.	July 19, 1968

NOTE: ALL THESE BONDS ARE IN U.S. DOLLARS.

6.6.68

The Bonds described below are currently in force:

<u>Bond Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Premium Maturity</u>
80904748	Federal	County of Orange	50,000.	May 14, 1968
80823689	Federal	General Telephone	35,000.	Aug. 13, 1968
80826933	Federal	County of Orange	10,000.	Aug. 13, 1968
80823564	Federal	General Telephone	10,000.	Jan. 28, 1969
80824960	Federal	City of Buena Park	50,000.	Aug. 26, 1968
80824732	Federal	Pacific Telephone	20,000.	Feb. 18, 1969
80904781	Federal	General Telephone	47,000.	Sept. 9, 1
80904782	Federal	General Telephone	15,000.	Apr. 6, 1969
81184844	Federal	County of Orange	10,000.	Aug 21, 1968

NOTE: ALL THESE BONDS ARE IN U.S. COLLATERAL

LLK

152

CALIFORNIA SYSTEM

The bonds described are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Premium</u> <u>Amortization</u>
80824844	Federal	General Telephone	342,000.	Jan. 16, 1967
80824812	Federal	General Telephone	10,000.	Apr. 1, 1966
80824876	Federal	General Telephone	31,000.	June 30, 1966
80824875	Federal	General Telephone	15,000.	June 30, 1966
80824853	Federal	Pacific Telephone	20,000.	June 6, 1966
80824854	Federal	Pacific Telephone	20,000.	June 6, 1966
80824850	Federal	Pacific Telephone	20,000.	June 10, 1966
80824851	Federal	County of Orange	10,000.	June 16, 1966
80824939	Federal	General Telephone	1,300.	Aug. 15, 1966

NOTE: ALL THESE BONDS ARE IN U.S. DOLLARS.

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SCHEDULE 8.6

STOCKHOLDERS' AGREEMENT

MEMORANDUM OF AGREEMENT made as of the _____ day of _____, 1988.

ROGERS U.S. HOLDINGS LIMITED,
a corporation incorporated under the laws of Canada,
(hereinafter referred to as "Rogers"),

OF THE FIRST PART,

- and -

KBL CABLE, INC.,
a corporation incorporated under the laws of
the State of Texas
(hereinafter referred to as the "Investor"),

OF THE SECOND PART,

(The parties of the First and Second Parts
are sometimes hereinafter individually
referred to as a "Stockholder" and collectively
referred to as the "Stockholders".)

- and -

RCA CABLESYSTEMS HOLDING CO.,
a corporation incorporated under the laws of
the State of Delaware,
(hereinafter referred to as the "Corporation"),

OF THE THIRD PART.

WHEREAS Rogers represents and warrants that it is the registered and beneficial owner of all of the issued and outstanding Series A Multiple Voting Preferred stock in the capital stock of the Corporation;

AND WHEREAS the Investor represents and warrants that it is the registered and beneficial owner of all of the issued and outstanding common shares in the capital stock of the Corporation;

AND WHEREAS the corporations described in Schedule A hereto (collectively the "Subsidiaries") are direct and indirect wholly-owned subsidiaries of the Corporation;

AND WHEREAS the Stockholders wish to establish and define their respective rights and obligations in respect of the manner in which the Corporation and the Subsidiaries shall hereafter carry on their respective businesses and in respect of the other matters hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the respective covenants and agreements hereinafter contained it is hereby agreed by, between and among the parties hereto as follows:

1. Organization of the Corporation and the Subsidiaries

1.1 Directors. Each of the Stockholders shall vote or cause to be voted the shares of the Corporation now or at any time beneficially owned or controlled by it and exercise its influence so that at all times:

- (a) the boards of directors of the Corporation and each of the Subsidiaries shall consist of 5 directors and Rogers shall be entitled to have 3 nominees elected to the board of directors of the Corporation and each of the Subsidiaries and the Investor shall be entitled to have 2 nominees elected to the boards of directors of the Corporation and each of the Subsidiaries;
- (b) a nominee of Rogers shall be the Chairman of any and all meetings of the board of directors of the Corporation and any Subsidiary; and
- (c) vacancies on the boards of directors of the Corporation and the Subsidiaries shall be filled by a resolution of the Stockholders and in so doing the Stockholders shall act in accordance with this paragraph 1.1.

1.2 Voting Majorities for Directors' Decisions. Each of the Stockholders shall vote or cause to be voted the shares of the Corporation beneficially owned or controlled by it and exercise its influence so that at all times the by-laws of the Corporation and each of the Subsidiaries shall provide that:

- (a) except as provided in subparagraph 1.2(b), all matters or questions proposed for the consideration of the directors at a meeting of the directors shall be determined by a majority of the votes cast provided that in the case of an equality of votes on any question the Chairman of the meeting shall not have a second or casting vote, or by an instrument in writing signed by all of the directors including by counterparts;
- (b) any matters or questions proposed for the consideration of the directors at a meeting of the board of directors of the Corporation or any of the Subsidiaries relating to:
 - (i) the amendment of the articles of the Corporation or any Subsidiary or the merger of the Corporation or any Subsidiary with one or more other corporations;

- (ii) except as provided in paragraph 1.13 with respect to the redemption of the Series A Multiple Voting Preferred stock of the Corporation, the conversion, reclassification, redemption, subdivision, consolidation or other change of the shares of the Corporation;
- (iii) the sale, lease, exchange or disposition by the Corporation or any Subsidiary of all, substantially all or a material portion of its property;
- (iv) a proposed capital expenditure or an expenditure out of the ordinary course of business by the Corporation or any Subsidiary in excess of \$1,000,000;
- (v) the issue of additional shares of any class or of any warrants, options, or other rights to acquire shares of the Corporation or any Subsidiary;
- (vi) the increase or decrease in the number of directors of the Corporation or any Subsidiary;
- (vii) the borrowing by the Corporation or any Subsidiary of amounts greater than \$1,000,000;
- (viii) the commencement by the Corporation or any Subsidiary of any action, suit or proceeding or the adjustment, settlement or compromise of any claim, obligation, debt, demand, suit or judgment against the Corporation or any Subsidiary involving amounts greater than \$1,000,000, other than any action, suit or proceeding with respect to which Rogers has agreed to indemnify the Investor;
- (ix) the entering into of any contracts out of the ordinary course of business or with Rogers or its nominees or any person, firm or corporation in which Rogers has an interest or with which Rogers does not deal at arm's length;
- (x) the amendment or change in any material respect of any existing licence, lease, contract, franchise or other document of the Corporation or any Subsidiary other than in the ordinary course of business, other than the amendment of any franchise, the sole effect of which is to release Rogers Communications Inc. from any guarantee thereunder;
- (xi) the payment of any salaries, fees, commissions or other remuneration to Rogers or its nominees or any person, firm or corporation with which Rogers has an interest or, with which Rogers does not deal at arm's length;
- (xii) any action of the directors which requires confirmation by the stockholders of the Corporation or any Subsidiary; and

- (xiii) any material change in the business or operations of the Corporation or any Subsidiary;

shall require the unanimous approval of the directors of the Corporation expressed by a resolution passed at a duly constituted meeting or by an instrument in writing signed by all the directors including by counterparts.

1.3 Quorum for Stockholders' Meeting. A quorum for meetings of stockholders of the Corporation shall be the two Stockholders or their proxy nominees present in person. Each Stockholder shall use its best efforts to be in attendance at any duly called stockholders' meeting of the Corporation.

1.4 Voting Majorities for Stockholders' Decisions. All matters or questions proposed for the consideration of the Stockholders of the Corporation at any meeting of the stockholders of the Corporation shall be determined by the unanimous vote of the stockholders present in person or represented by proxy thereat; alternatively, any resolution of the Stockholders of the Corporation may be passed by an instrument in writing signed by all the Stockholders provided, however, that any action required by the Stockholders in connection with the redemption of the Series A Multiple Voting Preferred Stock of the Corporation shall be taken solely by the holders of the common shares in the capital stock of the Corporation.

1.5 Number and Place of Directors' Meetings. A minimum of 4 meetings of the board of directors of the Corporation shall be held in each fiscal year of the Corporation. Meetings of the board may be held at any place within or outside the State of Delaware.

1.6 Notice and Quorum of Directors' Meetings. A minimum of 72 hours notice shall be required for meetings of the board of directors of the Corporation. Directors' meetings may be called by the President or any director. The notice calling a meeting of the board of directors of the Corporation shall specify in reasonable detail the business to be transacted thereat. A quorum for meetings of the board of directors of the Corporation shall be 4 directors present in person or by conference telephone whereby each director at the meeting may simultaneously hear and communicate with all other directors at the meeting.

1.7 Place of Stockholders' Meeting. Meetings of stockholders may be held at any place within or outside the State of Delaware.

1.8 Fiscal Year End. The fiscal year end of the Corporation and each of the Subsidiaries shall be •.

1.9 Auditors. Until their successors are appointed, the auditors of the Corporation and each of the Subsidiaries shall be • Certified Public Accountants.

1.10 Bankers. Until their successors are appointed, the bankers of the Corporation and each of the Subsidiaries shall be •.

1.11 By-Laws. The Stockholders covenant and agree that in their capacity as stockholders of the Corporation they will take all steps necessary or desirable to ensure that the certificate of incorporation of the Corporation and the by-laws of the Corporation and each Subsidiary are amended to be in conformity with this Agreement.

1.12 Books of Account. Proper books of account shall be kept by the Corporation and each of the Subsidiaries and entries shall be made therein of all matters, terms and transactions and things as are usually written and entered into books of account kept by a corporation of a similar nature and each Stockholder shall have free access at all reasonable times to inspect, examine or copy them, at its own expense, and the Corporation shall at all times furnish to the Stockholders correct information, accounts and statements of and concerning all such transactions without any concealment or suppression.

1.13 Dividend Policy and Redemption of Preferred Stock. Dividends may only be declared and paid as approved by the nominees of the Investor elected to the board of directors. Any action required by the board of directors of the Corporation in connection with the redemption of the Series A Multiple Voting Preferred Stock of the Corporation shall be taken solely by the nominees of the Investor elected to this board of directors.

1.14 Effect of Agreement. Each of the Stockholders shall vote or cause to be voted the shares owned by it in such a way so as to fully implement the terms and conditions of this Agreement and shall, if any director for any reason refuses to exercise his discretion in accordance with the terms of this Agreement, forthwith take such steps as are necessary to remove and replace such director.

2. Right to Audit.

2.1 Right to Audit. Either Stockholder shall have the right at any time upon two business days notice to the Corporation to have any of its agents or employees attend at the head office of the Corporation or any Subsidiary during normal business hours to perform an audit or inspection of the books and records of the Corporation or such Subsidiary. The cost of such audit or inspection shall be borne by the party requesting the audit.

2.2 Access. The Corporation agrees to permit any of the agents or employees of the Stockholders as the case may be, to enter the head office of the Corporation or any Subsidiary during normal business hours for the purpose of performing the inspection or audit referred to in paragraph 2.1 and agrees to assist them in any audit or inspection so undertaken.

3. Pledge of Shares.

If requested by the Investor, Rogers shall pledge the shares in the capital of the Corporation to any financial institution requested by the Investor, provided that such financial institution's sole and exclusive remedy and recourse against Rogers arising out of or in connection with such pledge and any other obligations assumed by Rogers pursuant to such pledge shall be to realize on the security constituted by such shares. The terms of any such pledge shall otherwise be acceptable to Rogers, acting reasonably.

4. Non-Use of Name.

As soon as possible after the termination of this Agreement, and in any event within six months after the termination of this Agreement, the Investor shall cause the Corporation and each of the Subsidiaries to cease to use in the operation of their respective businesses the name "Rogers Cablesystems" or any part thereof and any trade marks or logos not exclusively owned by the Corporation or any Subsidiary, and will, as soon as possible after the termination of this Agreement and in any event within six

months after the termination of this Agreement, repaint any vehicles or change any signs containing such names and, within such time period, the Investor shall cause the corporate name of the Corporation and each Subsidiary to be changed to a name in which the word "Rogers" does not form a part. For greater certainty any right, title or interest of Holdco or any Subsidiary, or other entity controlled or managed by Holdco or any Subsidiary, in any of the foregoing names, logos or trade marks shall cease within six months after the termination of this Agreement.

5. General.

5.1 Changes to Shares. The provisions of this Agreement relating to shares of the Corporation shall apply mutatis mutandis to any shares or securities into which such shares may be converted, changed, reclassified, redivided, redesignated, redeemed, subdivided or consolidated, to any shares or securities that are received by the Stockholders as a stock dividend or distribution payable in shares or securities of the Corporation and to any shares or securities of the Corporation or of any successor or continuing company of corporation to the Corporation that may be received by the parties hereto on a reorganization, consolidation or merger, statutory or otherwise.

5.2 Notice. Any notice, request or other communication required or permitted to be given to any party hereto shall be validly given if delivered personally or if mailed, by prepaid registered mail, return receipt requested to that party at the following address:

Rogers U.S. Holdings Limited
Suite 2600, P.O. Box 249
Commercial Union Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1J5

Attention: Senior Vice-President, Investments

with a courtesy copy to: Messrs. Lang Michener Lash Johnston
P.O. Box 10, Suite 700
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1A2

Attention: A. Gnat, Q.C.

KBL Cable, Inc.
c/o Houston Industries Incorporated
4300 Post Oak Parkway
5 Post Oak Park
Houston, Texas 77027

Attention: William A. Cropper

with a courtesy copy to: Baker & Botts
3000 One Shell Plaza
910 Louisiana Street
Houston, Texas 77002

Attention: William G. Woodford

RCA Cablesystems Holding Co.
at its head office

Any such notice or other document delivered personally shall be deemed to have been received by and given to the party to whom it is addressed on the date of delivery or in the case of a notice sent by mail on the day actually received. Any party may at any time give notice to the other party of any change of address in accordance with the foregoing. Failure to deliver courtesy copies of any notice, request or other communication shall not by itself affect the validity of such notice, request or other communication.

5.3 Time of the Essence. Time shall be of the essence of this Agreement.

5.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter contained herein. Any other agreement with respect to the subject matter contained herein (expressed or implied) between either of the parties is hereby terminated without prejudice to any actions heretofore taken thereunder. Other than as set out in this Agreement there are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties with respect to the subject matter contained herein and this Agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

5.5 Governing Law. THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE PARTIES HERETO HEREBY IRREVOCABLY ATTORN TO THE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE. For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the said State and the courts of the said State shall have non-exclusive jurisdiction to entertain any action arising under this Agreement.

5.6 Termination. This Agreement shall automatically terminate upon the first to occur of either Rogers (including a permitted assignee) or the Investor, as the case may be, ceasing to be a Stockholder or on the tenth anniversary of the date hereof.

5.7 Headings. The headings used in this Agreement are for convenience only and neither limit nor amplify the meaning of the provisions contained herein.

5.8 Schedule. The Schedule referred to in this Agreement is incorporated by reference herein and is deemed to form a part hereof.

5.9 Severability. Any provision or provisions of this Agreement which in any way contravene the laws of the State of Delaware shall, to the extent of such contravention of law, be deemed severable and shall not affect the other provisions of this Agreement.

5.10 Currency. All monetary amounts referred to herein are in lawful currency of the United States of America.

5.11 Counterparts. This Agreement may be executed in several counterparts each of which when executed by any party hereto shall be deemed to be an original and such counterparts shall together constitute one and the same instrument.

5.12 Waiver. No waiver of any term or provision of this Agreement shall be effective unless made in writing, and the waiver by a party of a default or breach of any such terms or provisions by any other party shall not operate or be construed as a waiver of any prior or subsequent default of such term or provision, or as a waiver with respect to any other term or provision hereof whether or not similar.

5.13 Further Assurances. Each of the parties shall execute and deliver such further documents, proxies, powers of attorney, instruments and assurances as may be necessary and desirable to carry out the intent of this Agreement.

5.14 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns but, except as permitted herein, shall not be assignable by a Stockholder without the prior written consent of the other Stockholder which shall not be unreasonably withheld provided however that (i) Rogers shall be entitled to assign its rights and obligations hereunder to any person who acquires the shares owned by Rogers in accordance with the articles of the Corporation provided that such assignee shall execute and deliver a counterpart to this Agreement whereupon Rogers shall be released from all obligations hereunder, (ii) the Investor may assign this Agreement and its rights and obligations hereunder so long as such assignment does not require the applications referred to in Sections 7.2 and 7.6 of the Purchase Agreement to be amended or refiled provided such assignee shall execute and deliver a counterpart of this Agreement whereupon the Investor shall be released from all obligations hereunder.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

ROGERS U.S. HOLDINGS LIMITED

By: _____

By: _____

KBL CABLE, INC.

By: _____

RCA CABLESYSTEMS HOLDING CO.

By: _____

By: _____

ARTICLE VIII

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

PART I - CONDITIONS PRECEDENT TO THE INVESTMENT DATE

The obligation of Buyer to purchase the Common Shares on the Investment Date are subject to the fulfilment in all material respects (or waiver in whole or in part by Buyer in writing) on or before the Investment Date (except as otherwise provided below) of each of the following conditions:

8.1 Guaranty of Seller's Obligations. Seller shall have delivered to Buyer, contemporaneously with the execution and delivery of this Agreement, a duly executed guarantee of Rogers CableSystems Inc. in the form attached to this Agreement.

8.2 Compliance with Agreement. Seller shall have complied with its obligations in Article V and its other covenants hereunder in all material respects.

8.3 Correctness of Representations and Warranties. The representations and warranties of Seller contained in this Agreement are true on the date hereof and on the Investment Date except for changes permitted by this Agreement and Seller shall have delivered a certificate addressed to Buyer to such effect.

8.4 Litigation. On the Investment Date, there shall be no effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein.

8.5 Termination of Management Agreements. All management agreements (if any) between Holdco or any Affiliate, on the one hand, and Seller or any person related to Seller, on the other hand, shall be terminated at the Investment Date.

8.6 Stockholders' Agreement. Seller shall have executed and delivered the Stockholders' Agreement attached hereto as Schedule 8.6 - Stockholders' Agreement.

8.7 Approval of Directors. The Board of Directors of HII shall have ratified execution and delivery of the guarantee agreement delivered pursuant to Section 9.1 within five (5) business days after both parties shall have executed this Agreement.

If any of the conditions in favour of Buyer to be fulfilled on or prior to the Investment Date shall not have been fulfilled on or prior to the Investment Date (provided that the non-fulfilment of the condition for which Buyer seeks to terminate was not caused by Buyer's default hereunder), Buyer may terminate this Agreement by notice in writing to Seller and, in such event, Buyer shall be released from all obligations hereunder without prejudice to any rights it may have against Seller, provided, however, that Buyer, in its sole and unfettered discretion shall be entitled to waive compliance with any of such conditions in whole or in part, if it sees fit to do so without prejudice to any of its rights of termination in the event of non-performance of any other condition, in whole or in part. Notwithstanding the foregoing, if the condition set forth in Section 8.7 shall not have been satisfied within the five (5) day period specified, Buyer may terminate this Agreement and neither Buyer nor HII shall have any further liability or obligations under this Agreement or the guarantee agreement delivered pursuant to Section 9.1 or otherwise with respect to the transaction contemplated hereby.

PART II - CONDITIONS PRECEDENT TO CLOSING

The obligation of Buyer to purchase the Multiple Voting Shares is subject to the receipt of all consents, authorizations and approvals under the Approval Franchises unless waived by Buyer in writing but in any event Buyer must complete the purchase of the Multiple Voting Shares by August 31, 1990.

ARTICLE IX

CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The obligations of Seller to sell the Common Shares on the Investment Date are subject to fulfilment in all material respects (or waiver in whole or in part by Seller in writing) on or before the Investment Date (except as otherwise provided below) of each of the following conditions:

9.1 Guaranty of Buyer's Obligations. Buyer shall have delivered to Seller, contemporaneously with the execution and delivery of this Agreement, a duly executed guarantee of HII ("Buyer's Guarantors") in the form attached to this Agreement.

9.2 Compliance with Agreement. Buyer shall have complied with its obligations under this Agreement in all material respects.

9.3 Correctness of Representations and Warranties. The representations and warranties of Buyer contained in this Agreement are true on the date hereof and on the Investment Date except for changes permitted by this Agreement and Buyer shall have delivered a certificate addressed to Seller to such effect.

9.4 Litigation. On the Investment Date, there shall be no effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein.

9.5 Approval of Seller's Directors. The board of directors of Seller shall have approved the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby within five (5) business days of the date of execution of this Agreement.

In case any of the conditions in favour of Seller to be fulfilled at or prior to the Investment Date shall not have been fulfilled at or prior to the Investment Date (provided that the non-fulfilment of the conditions for which Seller seeks to terminate this Agreement was not caused by the default of Seller hereunder), Seller may terminate this Agreement by notice in writing to Buyer, and, in such event, Seller shall be released from all obligations hereunder, without prejudice to any rights it may have against Buyer, provided, however, that Seller, in its sole and unfettered

discretion shall be entitled to waive compliance with any of such conditions, in whole or in part, if it sees fit to do so without prejudice to any of its rights of termination in the event of non-performance or any other conditions, in whole or in part.

ARTICLE X

MUTUAL CONDITIONS PRECEDENT TO BUYER'S AND SELLER'S OBLIGATIONS

The obligations of Seller to sell the Common Shares on the Investment Date and Buyer to purchase the Common Shares on the Investment Date are subject to fulfilment in all material respects (or waiver in whole or in part by Seller and Buyer jointly in writing) on or before February 28, 1989 of each of the following conditions which are for the mutual benefit of both Seller and Buyer:

10.1 Hart-Scott Approval. The expiration of the applicable waiting period under the Hart-Scott Act and the regulations thereunder.

10.2 FCC Approval. The receipt of Buyer and Seller of final written approval of the FCC to the sale of all of the issued and outstanding capital stock of Holdco. Final approval, as used herein, shall occur when the appeal periods for any such approval have expired without any appeal having been taken.

10.3 Franchise Approval. All consents, approvals and authorizations (none of which shall impose any obligation on Seller) to the purchase and sale of the Purchased Shares shall have been obtained under the Approval Franchises on the basis contemplated by Section 7.2 so that the sum of:

- (i) the number of basic subscribers that are regulated by the Other Franchises; and
- (ii) the number of basic subscribers that are regulated by Approval Franchises for which all consents, approvals and authorizations to the purchase and sale of the Purchased Shares have been obtained,

is at least 325,000 or if Seller exercises its rights under the last sentence of the first paragraph of Section 10.5 the threshold of 325,000 will be reduced to 280,000. For purposes of this Section 10.3, the number of basic subscribers shall be calculated as at the date the last approval was obtained to achieve the above sum.

10.4 San Antonio Amendment. The Franchise for the portion of the Texas System serving the City of San Antonio, Texas shall have been amended to eliminate the alleged right of the franchisor, pursuant to Section 21 of the franchise ordinance, with respect to such franchise to purchase such portion or any part thereof, which right Seller believes may be illegal and unenforceable.

10.5 DPC Amendment. The Franchise for the portion of the California System serving Fountain Valley, Huntington Beach, Stanton and Westminster shall have been amended to eliminate the alleged rights of the franchisors, pursuant to Section 2.5 (A) of the conditions of operations of such franchise, to purchase such portion or any part thereof, which rights Seller believes may be illegal and unenforceable. If after all other conditions to occurrence of the Effective Investment Date are satisfied (or would be satisfied were Buyer to have obtained the requisite consents to purchase of the Purchased Shares with respect to the Franchise identified in this Section), Seller shall give Buyer notice that the condition of this Section 10.5 has not been satisfied and if Buyer shall not, within five (5) business days, waive such condition, in satisfaction of this condition, Seller may cause the property and assets of the California System to be transferred to its designee and for purposes of such transfer may make use of the consolidated existing unutilized tax credits and net operating losses of Holdco and its Affiliates to offset the gain from such transfer.

If any of the conditions for the mutual benefit of Buyer, on the one hand, and Seller, on the other hand, to be fulfilled on or prior to February 28, 1989 shall not have been fulfilled on or prior to February 28, 1989, either party may terminate this Agreement by notice in writing to the other (provided that the non-fulfilment of the condition for which the party seeks to terminate was not caused by such party's default hereunder) and, in such event, each of the parties shall be released from all obligations hereunder without prejudice to any rights it may have against the other, provided however that the parties are entitled to jointly waive compliance with any such conditions in whole or in part if they see fit to do so without prejudice to any of their rights of termination in the event of non-performance of any other condition contained herein, in whole or in part.

If on the Investment Date there shall be an effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein, either Seller or Buyer may extend the date for the purchase and sale of the Common Shares by up to thirty (30) days and the parties hereto will be bound by such extension. In the event that the Investment Date is so extended, the Effective Investment Date will also be changed in the same manner.

ARTICLE XI INDEMNIFICATION

11.1 Indemnification by Seller. Seller agrees to indemnify Buyer, and its affiliates, directors, officers and employees against and hold each of them harmless from any and all actual losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by this indemnity but excluding any loss of profits with respect to the Systems (in this Section 11.1 collectively, the "Indemnifiable Damages") which any such indemnified party may suffer or incur by reason of (a) the inaccuracy of any of the representations and warranties of Seller contained in this Agreement, or any document, certificate or agreement delivered pursuant hereto; (b) the breach by Seller of any of the covenants made by it in this Agreement; (c) any claim by any person under any provision of any federal or state securities law relating to any transaction, event, act or omission (including, without limitation, any tender offer or merger and in particular the exercise of appraisal rights by public stockholders in connection with the merger of RCA Cablesystems Merger Co. into Rogers Cablesystems of America, Inc.) occurring prior to the Investment Date; (d) claims made by any stockholder or partner (or former stockholder or partner) of Seller, any Affiliate or arising out of transactions, events, acts or omissions occurring on or prior to the Investment Date; (e) the actions involving April Strickland et al as plaintiffs or any similar claims by other employees based on the same facts and the actions involving Larry and Catherine Stark as plaintiffs; (f) any federal or state income or franchise taxes (whether due or assessed before, on or after the Effective Investment Date) (except deferred taxes) in excess of any such taxes reflected as a liability at the Effective Investment Date in the statement of adjustments referred to in Section 1.3F, payable or which become payable by Holdco or any Affiliate thereof (or their respective successors or assignees) for or in respect of any period on or prior to the Effective Investment Date, other than as a result of any action taken by Holdco or any Affiliate thereof after the Effective Investment Date; and subject to the limitations of this Agreement, with respect to the measurement of Indemnifiable Damages, Buyer shall have the right to be put in the same financial position as it would have been in had each of the representations and warranties of Seller been true or accurate or had Seller not breached any such covenants or had any of the events or claims referred to in clauses (c), (d) and (e) not occurred or been made. The foregoing obligation of Seller shall be subject to and limited by each of the following qualifications:

(i) except as set out in (ii) below, each of the representations, warranties and covenants made by Seller in this Agreement or pursuant hereto shall survive for a period of 12 months after the Investment Date, and thereafter all such representations, warranties and covenants shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of such 12 month period;

(ii) the representations and warranties made by Seller in Sections 3.6 (insofar as they relate to copyright matters), 3.7 and 3.8, and the indemnities contained in this Section 11.1 with respect thereto, and the indemnities contained in clauses 11.1(c), (d), (e) and (f) shall survive until the end of any statutory limitation period with respect thereto, and thereafter all such representations, warranties and indemnities shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of the relevant statutory limitation period;

(iii) Seller's indemnity obligations hereunder shall not apply to the extent that the Buyer, Holdco or any Affiliate would otherwise be covered for the same loss under the Buyer's, Holdco's or any Affiliate's insurance policies in the absence of any indemnity hereunder;

(iv) Seller is not responsible or liable for any breach of the representations and warranties contained in Article III resulting from any act Buyer may take or may cause Holdco or any Affiliate to take after the Investment Date;

(v) Seller shall have no liability under this Agreement or otherwise for or on account of Indemnifiable Damages unless and until such damages in the aggregate exceed \$3,000,000 except in the case of the indemnities contained in clauses 11.1(c), (d) and (e). Seller's liability under the indemnity provided in this Section 11.1 shall not exceed the Purchase Price, provided however, that such limitation shall not include a breach with respect to ownership of shares of Holdco or a Subsidiary or interest in a Partnership;

(vi) for purposes of determining the amount of Indemnifiable Damages payable by Seller for a breach of the representation and warranty set out in Section 3.7, the tax effect of all net operating losses and investment tax credits of Holdco or any of the Affiliates at the Effective

Investment Date, that prove to be deductible or creditable as well as the tax effect of any resulting increase in any tax benefits, including but not limited to, tax credits, losses and positive basis adjustments, shall be offset against the amount of Indemnifiable Damages otherwise payable by Seller for a breach of the representation and warranty set out in Section 3.7;

(vii) Seller shall not be responsible or liable for any actions taken by Buyer after the Investment Date or for any stock transfer taxes payable on, or any losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, counsel fees suffered or incurred by Buyer or its affiliates or Holdco or its Affiliates arising out of a challenge to the validity of or compliance with any Franchise as a result of the act of Seller's transferring of title to the Common Shares or the Multiple Voting Shares to Buyer; and

(viii) the conduct and settlement of the actions referred to in clauses 11.1(c), (d) and (e) may be assumed by Seller in accordance with the procedures as set out in Section 11.3.

11.2 Indemnification by Buyer. Buyer agrees to indemnify Seller and its respective affiliates, directors, officers and employees against and hold each of them harmless (on an after-tax basis, after taking full account of the tax effects of the event, matter or thing giving rise to the claim hereunder and the payment of any amounts pursuant hereto including the increase in investment tax credits, net operating losses, tax-basis or other tax benefits) from any and all losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by this indemnity but excluding any loss of profits with respect to the Systems (in this Section 11.2 collectively, the "Indemnifiable Damages") which any such indemnified party may suffer or incur by reason of (a) the inaccuracy of any of the representations and warranties of Buyer contained in this Agreement; (b) the breach by Buyer of any of the covenants made by it in this Agreement; (c) any breach of the indemnities set out in Section 7.5 and 7.7 and (d) any action Buyer may take in connection with the operation of the Systems after the Effective Investment Date. Without limiting the generality of the foregoing, with respect to the measurement of Indemnifiable Damages, Seller shall have the right to be put in the same financial position as it would have been in had each of the representations and warranties of Buyer been true and accurate or had Buyer not breached any such covenants. The foregoing obligation of Buyer shall be subject to and limited by each of the following qualifications:

(i) each of the representations, warranties and covenants made by Buyer in this Agreement or pursuant hereto shall survive for a period of 12 months after the Investment Date, and thereafter all such representations, warranties and covenants shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of such 12 month period;

(ii) Buyer's indemnity obligations hereunder shall not apply to the extent that Seller would otherwise be covered for the same loss under any insurance policy insuring Seller in the absence of any indemnity hereunder; and

(iii) Buyer shall have no liability under this Agreement or otherwise for or on account of Indemnifiable Damages unless and until such damages in the aggregate exceed \$3,000,000 except in the case of the indemnities referred to in clauses 11.2(c) and 11.2(d).

11.3 Notice and Right to Defend Third Party Claims. Promptly, upon receipt of written notice of any claim, demand or assessment or the commencement of any suit, action or proceeding in respect of which indemnity may be sought on account of an indemnity agreement contained in this Article, the party seeking indemnification (the "Indemnitee", the "Indemnitor" having the corresponding meaning), shall inform the Indemnitor in writing, thereof. Except to the extent that the Indemnitor is not prejudiced thereby, the omission of such Indemnitee to notify the Indemnitor as soon as reasonably possible of any such claim or action shall relieve such Indemnitor from any liability which it may have to such Indemnitee in connection therewith, on account of the indemnity agreements contained in this Article. In case any claim, demand or assessment shall be asserted or suit, action or proceeding commenced against an Indemnitee, and such Indemnitee shall have notified the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate therein, and, to the extent that it may wish, to assume the defense, conduct or settlement thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Indemnitor to the Indemnitee of its election so to assume the defense, conduct or settlement thereof, the Indemnitor will not be liable to the Indemnitee in connection with the defense, conduct or settlement thereof, except for such expenses as may be reasonably required to enable the Indemnitor to take over such defense, conduct or settlement. The Indemnitee will at its own expense cooperate with the Indemnitor in connection with any such claim, make personnel,

witnesses, books and records relevant to the claim available to the Indemnitor at no cost, and grant such authorizations or powers of attorney to the agents, representatives and counsel of Indemnitor as the Indemnitor may reasonably consider desirable in connection with the defense of any such claim. In the event that the Indemnitor does not wish to assume the defense, conduct or settlement of any claim, demand or assessment, the Indemnitee shall be entitled to settle such claim, demand, or assessment by the payment of money only without the written consent of the Indemnitor and without prejudice to the Indemnitee's rights to indemnification under Sections 11.1 or 11.2, as appropriate.

11.4 Mitigation. Nothing herein contained shall affect a party's legal duty to mitigate damages.

11.5 Materiality. Wherever in this Agreement a matter or state of facts is described as being "material", such matter or state of facts shall be material only if it is material to the operation, financial condition or business of the System in respect of which such matter or state of facts is relevant.

Furthermore a breach of any representation or warranty in this Agreement that is qualified by the word "material", "materially" or "materiality", shall be deemed not to have occurred if Indemnifiable Damages with respect thereto, individually only and not when aggregated with other claims do not exceed the applicable minimum amount as set forth in clause 11.1(v) or 11.2(iii), as the case may be.

**ARTICLE XII
GENERAL**

12.1 Notices. Each notice or other communication hereunder shall be in writing and shall be deemed to have been delivered to the party to whom it is addressed on the date on which it is delivered to Swiftsure, DHL, Federal Express or Emery courier service for delivery in the fastest possible time to such party at its address set forth below or such other address as either party may designate to the other in writing:

Seller :

Rogers U.S. Holdings Limited
P.O. Box 249, Suite 2600
Commercial Union Tower,
Toronto-Dominion Centre
Toronto, Ontario
M5K 1J5

Attention: Graham W. Savage
Senior Vice President,
Investments

with a copy to:

Lang Michener Lash Johnston
Barristers and Solicitors
Suite 700
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1A2

Attention: Albert Gnat, Q.C.

Buyer:

KBL Cable, Inc.
c/o Houston Industries Incorporated
4300 Post Oak Parkway
5 Post Oak Park
Houston, Texas 77027

Attention: William A. Cropper

with a copy to:

Baker & Botts
3000 One Shell Plaza
910 Louisiana Street
Houston, Texas 77002

Attention: William G. Woodford

12.2 Amendments. This Agreement, including the schedules hereto, constitutes the entire Agreement of the parties and supersedes all prior agreements and understandings whether written or oral relative to the subject matter hereof. Buyer acknowledges that other than for historical, financial and statistical information contained therein, (which Seller represents and warrants as being true and correct in all material respects) it has not relied upon the Confidential Offering Memorandum prepared on behalf of Rogers CableSystems International, B.V. by Morgan Stanley & Co. Incorporated. Except as otherwise specifically provided in this Agreement or pursuant to the documents delivered in furtherance of this Agreement, neither Seller nor Buyer makes any warranty or representation, express or implied, statutory or otherwise, to the other. Except as otherwise permitted herein, this Agreement may be amended or modified only by a written instrument executed by Buyer and Seller.

12.3 Waiver. No provision in this Agreement shall be deemed waived by course of conduct, including the act of closing unless such waiver is in writing signed by all parties and stating specifically that it was intended to modify this Agreement.

12.4 Severability. Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

12.5 Headings and Index. The headings appearing in this Agreement and the index have been inserted solely for the convenience of the parties and shall be of no force and effect in the construction of the provisions of this Agreement.

12.6 Schedules. The following are the schedules incorporated by reference into and deemed to form a part of this Agreement.

Schedule 1	-	Systems
Schedule 1.1(a)	-	Proposed Preference Share Conditions
Schedule 1.3(a)	-	Capital Expenditure Budget
Schedule 3.1	-	Holdco and Its Subsidiaries
Schedule 3.8	-	Pension Plans
Schedule 7.2	-	FCC Licences
Schedule 7.5	-	Bonds, Letters of Credit and Security Deposits
Schedule 8.6	-	Stockholders' Agreement

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.8 Access to Information. Buyer acknowledges that it has had such opportunity as it has desired to examine and make copies of all Franchises, leases, contracts and other documents of Holdco and the Affiliates that it has requested.

12.9 Expenses. Except as otherwise expressly herein provided in Section 7.2, each party to this Agreement shall pay its own expenses incidental to the preparation and carrying out of this Agreement.

12.10 Parties In Interest. This Agreement shall enure to the benefit of and be binding upon Buyer and Seller and their respective successors but, except as provided below, shall not be assignable by any party hereto. Seller may assign this Agreement and its rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of Rogers Communications Inc., in which event the assignor shall be released from all obligations and liabilities hereunder and the assignee from the assignor will be deemed to be a party to this Agreement in place and stead of the assignor and such assignee shall evidence the foregoing by executing and delivery to Buyer of a duplicate copy of this Agreement and upon such execution and delivery all representations and warranties of the assignor shall be appropriately modified and Sections 2.1 and 2.3 shall be amended to provide that the completion of the purchase and sale of the Common Shares and the Multiple Voting Shares shall occur at the head office of Seller. Buyer may assign this Agreement

and its rights and obligations hereunder so long as such assignment does not require the applications referred to in Section 7.2 and 7.6 to be amended or refiled. No such assignment shall release Buyer from its obligations and liabilities hereunder. Except as otherwise provided herein, nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement. The benefits of any limitations of liability on the parties hereto shall enure to the benefit of their respective agents, servants, employees, officers and directors.

12.11 Currency. All dollar amounts herein are in the currency of the United States of America.

12.12 Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CHOICE OF LAW PRINCIPLES. Any judicial proceeding brought against any party hereto with respect to this Agreement, or any transaction contemplated hereby, may be brought in the Federal District Court for the Southern District of New York and, by execution and delivery of this Agreement, each of the parties hereto (i) accepts, generally and unconditionally, the nonexclusive jurisdiction of such court and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, subject, in each case, to all rights to appeal such decisions to the extent available to the parties and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. Each party hereto hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 12.1, and service so made shall be deemed completed on the fifth business day after such service is deposited in the mail. Nothing herein shall affect the right to serve process in any other manner permitted by law. EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

12.13 Termination. Subject to extension in accordance with the terms hereof, this Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time by either party if the purchase and sale of the Common Shares shall not have occurred on or prior to March 10, 1989, but no such termination shall be deemed an election of remedies as to any party whose breach or violation hereof is the reason for such purchase not having occurred by such date.

12.14 Business Day. For purposes of this Agreement, business day means a day when commercial banks in the State of New York are open for the transaction of normal business.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

SELLER:

ROGERS U.S. HOLDINGS LIMITED

By: "Edward S. Rogers"

By: "Graham W. Savage"

BUYER:

KBL CABLE, INC.

By: "William A. Cropper"

**GUARANTY OF BUYER'S STOCKHOLDERS
GUARANTY AGREEMENT**

THIS GUARANTY AGREEMENT (the "Guaranty") is made as of the 9th day of August, 1988, by Houston Industries Incorporated, a Texas corporation ("Guarantor") having its principal office at Houston, Texas, in favour of Rogers U.S. Holdings Limited, a Canadian corporation ("Seller") having its principal office at Toronto, Ontario.

WITNESSETH:

WHEREAS Guarantor's subsidiary, KBL Cable, Inc., a Texas corporation ("Buyer"), and Seller are parties to that certain Stock Purchase Agreement of even date herewith (the "Purchase Agreement"); and

WHEREAS Seller has agreed to enter into and execute the Purchase Agreement only on the condition that Guarantor execute and deliver this Guaranty;

NOW, THEREFORE, with reference to the above recitals and in reliance thereon, and in order to induce Seller to enter into and execute the Purchase Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, Guarantor hereby agrees as follows:

**ARTICLE I
GUARANTY**

Section 1.1 Definitions. Each Term used herein which is defined in the Purchase Agreement or in the Schedules thereto referred to therein shall have the same meaning as set forth therein unless the context otherwise requires.

Section 1.2 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to Seller and to its successors or permitted assigns the full, prompt and complete performance of all obligations of Buyer (and any successor or assign of Buyer pursuant to Section 12.10 of the Purchase Agreement) set forth in the Purchase Agreement and Schedules thereto and all deeds, bills of sale, contracts and other instruments executed and delivered by Buyer pursuant thereto. Guarantor agrees that its obligations hereunder shall be unconditional, absolute and irrevocable in that if Buyer defaults in the performance or fulfillment or discharge of any agreement, covenants, undertaking, obligation, liability or warranty under the Purchase Agreement, including the Schedules thereto, or under any deed, bill of sale, contract or other instrument executed and delivered by Buyer pursuant thereto, Guarantor shall immediately fulfill and/or perform and/or

discharge, or cause to be fulfilled and/or performed and/or discharged, such agreement, covenant, obligation, undertaking, liability and/or warranty of Buyer. The obligation of Guarantor to Seller hereunder is absolute and unconditional. The obligations set forth herein are a guaranty of payment and performance and not just collection.

The obligations of Guarantor hereunder shall not be in any way discharged or impaired or otherwise affected, and the rights of Seller hereunder shall not be in any way diminished or affected by, (i) any insolvency, bankruptcy, receivership, reorganization, dissolution or liquidation of Buyer, (ii) any sale or transfer by Guarantor of any capital stock of Buyer or any merger, consolidation or sale of assets by or involving Buyer, (iii) any failure, delay or waiver on the part of Seller, whether with or without fault on its part, in enforcing the obligations of Buyer under the Purchase Agreement, (iv) any modification, amendment or supplement to the Purchase Agreement and Schedules thereto or any deed, bill of sale, contract or other instrument executed and delivered by Buyer pursuant thereto, which modifications, amendments or supplements may be made without the consent of Guarantor, or (v) any other circumstances which might be deemed to constitute a legal or equitable defence of Guarantor as a surety or guarantor, or otherwise. Without limiting the generality of the foregoing, Guarantor hereby waives notice of acceptance of this Guaranty Agreement, presentment, demand, protest, notice of nonpayment or notice of any default in response to this Guaranty Agreement and any and all other notices which may be required to preserve intact all rights against Guarantor hereunder, and Guarantor agrees that the obligations of Guarantor hereunder shall not be affected by any modification, termination or extension of any provision of the Purchase Agreement or the transactions contemplated thereby or the documents referred to therein.

ARTICLE II

DURATION

This Guaranty Agreement shall continue in force until all obligations of Buyer under the Purchase Agreement, including the Schedules thereto, and under all deeds, bills of sale, contracts or other instruments executed and delivered by Buyer pursuant thereto shall have been satisfied or until the applicable statute of limitations under the laws of the State of New York shall have run as to any particular claim.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor represents and warrants to Seller as follows:

- (a) Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Texas, and has all requisite corporate power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Guaranty Agreement.

- (b) Subject to ratification by the Board of Directors of Guarantor as provided in Section 8.7 of the Purchase Agreement, the execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor, and no other proceedings are necessary to authorize this Guaranty Agreement and the transactions contemplated hereby, or the performance or compliance by Guarantor with any of the terms, provisions or conditions hereof.
- (c) This Guaranty Agreement has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its own terms.
- (d) Neither the execution and delivery by Guarantor of this Guaranty Agreement nor the performance by the Guarantor of its obligations hereunder requires the consent of or approval of, the giving of notice to, or the registration with, the recording or filing of any document with, or the taking of any action in respect of any governmental authority or agency, except as set forth in the Purchase Agreement with respect to the transactions contemplated thereby.
- (e) There are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor or its assets before any court or administrative agency which are likely to be determined adversely to Guarantor and which would have a material adverse effect on Guarantor so as to affect its ability to perform under this Guaranty Agreement.
- (f) The execution, delivery and performance by the Guarantor of this Guaranty Agreement and the performance of its obligations hereunder will not violate any provision of law, or the provision of any order, judgment or decree of any court or other governmental agency or the charter documents or By-laws of Guarantor or any agreement or other restriction to which Guarantor is a party or by which Guarantor is bound or result in a breach or constitute (with due notice or lapse of time or both) a default under any contract or agreement to which Guarantor is a party or by which it is bound.

ARTICLE IV

OTHER REMEDIES

Guarantor further agrees that nothing contained herein shall prevent Seller from suing or from exercising any rights available to it under the Purchase Agreement or any of the Schedules thereto and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor hereunder. The failure or forbearance of Seller to exercise any right thereunder, or otherwise granted to it by law or another agreement, shall not affect the obligation of Guarantor hereunder and shall not constitute a waiver of said right.

STOCK PURCHASE AGREEMENT

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement is made and entered into this 9th day of August, 1988, between KBL CABLE, INC., a Texas corporation ("Buyer") and ROGERS U.S. HOLDINGS LIMITED, a Canadian corporation ("Seller"), the owner of all the outstanding common stock and Series A Multiple Voting Preferred stock of RCA CABLESYSTEMS HOLDING CO. ("Holdco"), a Delaware corporation.

WHEREAS, those subsidiaries and partnerships more fully described herein operate cable television systems serving subscribers in the cities, counties and areas set out in Schedule 1 - Systems; and

WHEREAS, Seller, in reliance upon the representations, warranties and covenants of Buyer, desires to sell to Buyer and Buyer, in reliance upon the representations, warranties and covenants of Seller, desires to purchase from Seller all of the issued and outstanding common stock and Series A Multiple Voting Preferred stock of Holdco all on the terms hereinafter set forth; and

WHEREAS, each of the following cable television systems described in Schedule 1 - Systems is sometimes hereinafter referred to individually as a "System" and collectively as the "Systems" or is otherwise described in the manner set out below:

- (i) the cable television system serving Greater San Antonio and Laredo, Texas (the "Texas System");
- (ii) the cable television system serving Greater Minneapolis, Minnesota (the "Minnesota System");
- (iii) the cable television system serving Greater Portland, Oregon (the "Oregon System"); and
- (iv) the cable television system serving Orange County, California (the "California System");

all as more particularly described in Schedule 1 - Systems; and

WHEREAS it is the intention of the parties that the purchase and sale of the stock herein provided for shall be completed in accordance with applicable laws including the terms of any Franchises (as such term is hereinafter defined) held by the Systems to operate cable television systems;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

ARTICLE I

PURCHASE AND SALE OF STOCK AND PURCHASE PRICE THEREFOR

1.1 Sale of Stock. In accordance with the terms and conditions hereof:

(a) Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, at the Investment Date (as hereinafter defined), all of the issued and outstanding common stock (the "Common Shares") and, at the Closing Date (as hereinafter defined), all of the issued and outstanding Series A Multiple Voting Preferred stock (the "Multiple Voting Shares") in Holdco. (The Common Shares and the Multiple Voting Shares are sometimes hereinafter collectively referred to as the "Purchased Shares".) The terms and provisions of the Multiple Voting Shares shall be substantially as set forth in Schedule 1.1(a).

(b) The purchase price for the Purchased Shares, based on 483,775 basic subscribers on the Effective Investment Date (as hereinafter defined), as adjusted in accordance with Section 1.3, (the "Purchase Price") shall be One Billion Two Hundred Sixty-Five Million Dollars (\$1,265,000,000) ;

(c) The Purchase Price shall be allocated as follows:

(i) One Hundred Thousand Dollars (\$100,000) shall be allocated as the purchase price for the Multiple Voting Shares (the "Multiple Voting Share Purchase Price"); and

(ii) the balance of the Purchase Price (after deduction of the amount set out in (i) above shall be allocated as the purchase price for the Common Shares (the "Common Share Purchase Price").

1.2 Payment of Purchase Price.

(a) The Common Share Purchase Price shall be paid at the Investment Date by wire transfer of immediately available funds to an account or accounts designated in writing by Seller at least two business days prior to the Investment Date; and

(b) The Multiple Voting Share Purchase Price shall be paid at the Closing Date by wire transfer of immediately available funds to an account or accounts designated in writing by Seller at least one business day prior to the Closing Date.

1.3 Adjustments. For purposes of the adjustments provided for in this Section 1.3, "current assets" and "liabilities" shall have the respective meanings set out in Section 1.4 and "capital expenditures" shall be determined in accordance with clause 1.3C. For the purposes of the adjustments provided for in this Section 1.3 and for all other purposes of this Agreement a "basic subscriber" means for each System:

- (i) A residential subscriber receiving from such System basic cable television service at such System's standard basic billing rate, and
- (ii) Except as provided in (iii) below, a "commercial" subscriber receiving basic cable television service from such System (regardless of the number of outlets served), and
- (iii) A "subscriber equivalent", in the case of,
 - (A) persons or entities receiving from such System basic cable television service under a "bulk" or similar arrangement, or

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- (B) hotels, motels, hostels, boarding houses, dormitories, hospitals, or other establishments or institutions providing overnight accommodations receiving from such System basic cable television service under any arrangement, including but not limited to a bulk or commercial arrangement; or
 - (C) any residential subscriber receiving from such System basic cable television service at a rate other than such System's standard basic billing rate and who is not included in or covered by subclause (A) or (B) of this clause (iii).

The number of subscriber equivalents served under each arrangement described in (iii) above shall be equal to the quotient of (x) the total amount of revenue for basic cable television service billed by such System under such arrangement during the last 30 day period for which such information as to revenues is available immediately preceding the date with respect to which the number of subscriber equivalents is to be determined, divided by (xi) such System's standard basic billing rate for such month.

- (a) Notwithstanding the foregoing, none of the following shall constitute a basic subscriber:
 - (i) any person who has not subscribed for basic television service after the date hereof substantially in accordance with previous practice in the service area;
 - (ii) any person whose subscription has been caused after the date hereof by any action inconsistent in any material respect with previous promotional incentives or by offers of discounts exceeding those customarily given in the service area for similar promotions during a comparable period;
 - (iii) any delinquent subscriber as defined in clause (b); or
 - (iv) any subscriber for whose cable service a System shall not have been paid at least one full month's service charges.

(b) A subscriber shall be considered as delinquent:

- (i) except in the case of bulk subscriber contracts, if any portion in excess of five dollars (\$5.00) of such subscriber account with the System for basic television services is unpaid after 90 days from the date payment is first due; and
- (ii) for bulk subscriber contracts other than those covering military bases, if any portion in excess of five dollars (\$5.00) multiplied by the number of subscribers covered by such contract is unpaid after 90 days from the date payment is first due. Bulk subscriber contracts covering military bases will not in any circumstances be considered delinquent.

A. **Effective Investment Date**

- (i) From the last day of the month in which the last of the conditions set out in Section 10.3 - Franchise Approvals, Section 10.4 - San Antonio Amendment, and Section 10.5 - DPC Amendment are satisfied (or waived) (the "Effective Investment Date") to the Investment Date, the Purchase Price shall be increased by an amount equal to the Purchase Price multiplied by a factor equal to the prime commercial lending rate from time to time during such period of the Chase Manhattan Bank; and
- (ii) The purchase and sale of the Common Shares shall take effect as and from the close of business on the Effective Investment Date and from the Effective Investment Date up to the Investment Date, Seller shall hold the Common Shares respectively on behalf of and for the account of Buyer and Seller shall account to Buyer for all dividends or other distributions on or payments in respect of the Common Shares from and after the Effective Investment Date and Buyer shall be entitled to all shareholder's equity accrued or accruing to Holdco on and after the Effective Investment Date, provided, however, that if the purchase and sale of the Common Shares shall not for any reason take place on the Investment Date or on such other date as may be mutually agreed upon by the parties hereto, all dividends or other distributions on or payments in respect of the Common Shares and all

shareholder's equity of Holdco from and after the Effective Investment Date shall remain the sole and entire property of Seller.

B. Increases to Purchase Price

- (a) The Purchase Price shall be increased by the amount by which the current assets exceed the liabilities as of the close of business on the Effective Investment Date.
- (b) The Purchase Price shall be increased by an amount determined by dividing the amount of the Purchase Price set out in Section 1.1(b) by 483,775 and multiplying the quotient by the number of basic subscribers on the Effective Investment Date in excess of 483,775.

C. Reimbursement For Capital Expenditures

Buyer shall pay to Seller at the Investment Date an amount equal to all capital expenditures from July 1, 1988, including labour costs, overhead charges and direct costs consistent with prior practices, made for rebuilding portions of a System, tools and test equipment, rewiring (except as excluded below), forced and voluntarily rehabilitation of parts of a System, new area wiring in areas not energized by the Effective Investment Date, computer programming and data service projects, converters/descramblers, computer and office equipment, programming equipment, traps, land and buildings, leasehold improvements, furniture and fixtures, vehicles and head-end equipment/hubs, made prior to the Effective Investment Date with respect to the Systems as provided for in the budget set out in Schedule 1.3(a) - Capital Expenditure Budget and such other capital expenditures as may be approved by Buyer in writing, such approval not to be unreasonably withheld. For greater certainty, the amount to be reimbursed for any category of capital expenditures will not be limited to the amount shown for each System but will not exceed the aggregate amount for such category for all Systems combined as shown in the far right hand column of Schedule 1.3(a), unless approved by Buyer in writing, such approval not to be unreasonably withheld. If requested by Buyer, Seller shall supply to Buyer such evidence as Buyer may reasonably request, documenting such capital expenditures. For greater certainty, unless approved by Buyer in writing, Seller shall not be reimbursed for capital expenditures for

new area wiring and drops (excluding traps) unless the new area wiring is for an area not energized by the Effective Investment Date.

D. Decreases to Purchase Price

(a) The Purchase Price shall be reduced by the amount by which the liabilities exceed the current assets as of the close of business on the Effective Investment Date.

(b) The Purchase price shall be decreased by an amount determined by dividing the amount of the Purchase Price set out in Section 1.1(b) by 483,775 and multiplying the quotient by the number of basic subscribers on the Effective Investment Date below 483,775.

(c) For the aggregate of all partnership units in Rogers Cablesystems of Minneapolis Limited Partnership held by an unaffiliated third party on the Effective Investment Date and all partnership units in Rogers-Multnomah Cablesystems Limited Partnership held by unaffiliated third parties on the Effective Investment Date as shown on Schedule 3.1 the Purchase Price shall be reduced by Eight Million Dollars (\$8,000,000). The Eight Million Dollars (\$8,000,000) shall be reduced by the cost of acquisition of all units acquired by Holdco and its Affiliates in such partnerships prior to the Effective Investment Date.

E. Additional Payments for Local Origination and Access Operating Costs

(a) For purposes of this Agreement, "Franchises" means the contracts, ordinances, resolutions, permits, and agreements, as amended, varied or supplemented to the date hereof, pursuant to which the Affiliates have the right to operate cable television systems.

(b) For the purposes of this Section 1.3 E:

(i) "Local Origination and Access Operating Costs" means operating costs of a non-capital nature, in accordance with past practices of the System, and exclude all other obligations including institutional networks, residential interactive

services and viewing centers, underground/interconnection commitments and public institutional demonstration projects.

(ii) "Covered Franchises" means the Franchises for each of (x) the City of Portland, Oregon, until the earlier of the expiration of the relevant Franchise or December 31, 1996, (y) the County of Multnomah, Oregon, until the earlier of the expiration of the relevant Franchise or December 31, 1998 and (z) the suburbs of Minneapolis, Minnesota, until the earlier of the expiration of the relevant relief agreement in effect on the Effective Investment Date or December 31, 1992.

(c) Except as set out in this Section 1.3 E, Holdco and its Affiliates shall be responsible for all commitments, obligations, payments and liabilities of any nature whatsoever under the Franchises first falling due from and after the Investment Date and Seller shall have no responsibility, liability or obligation in connection therewith.

(d) Seller shall pay promptly after being billed therefor by Holdco or its relevant Affiliate, the amount, determined on a monthly basis, by which,

(i) the aggregate amount which Holdco or its Affiliate is required to pay in respect of Local Origination and Access Operating Costs and franchise fees under the terms of the Covered Franchises (as in effect on the Effective Investment Date) exceeds,

(ii) an amount equal to six percent of the aggregate gross receipts of the Systems regulated by the Covered Franchises as defined in such Covered Franchises.

For greater certainty, each relevant Franchise shall be included in the determination required by this clause (d) only as long as it is one of the "Covered Franchises" as defined in clause (b) (ii) above.

(e) The payment obligations of Seller under this section shall be determined without giving effect to any amendments in the terms of the Covered Franchises agreed to by Buyer or to any changes in law after the Investment Date except for amendments or for changes in law which affect the enforceability of and thereby reduce such payment obligations, and the obligations of Seller will be reduced accordingly to give effect thereto.

(f) Buyer shall not, after the Investment Date, agree to any amendment to the terms of the Covered Franchises, the effect of which would require Seller to make any payments pursuant to this Section 1.3 E.

F. Statement of Adjustments

For purposes of determining the Common Share Purchase Price to be paid by Buyer to Seller on the Investment Date, there shall be an initial calculation of the Common Share Purchase Price based on the foregoing adjustments (the "Interim Purchase Price"). Seller shall prepare a statement of the Interim Purchase Price (which shall contain the calculation of the adjustments) and deliver the same to Buyer not less than four days prior to the Investment Date accompanied by such additional financial and other information as Buyer shall reasonably request, and a certificate signed by an officer of Seller as to the number of basic subscribers at the Effective Investment Date. Between the date of such delivery and the Investment Date, Buyer may object to the number of subscribers and the data and calculations contained in such certificate, however if such objections are not resolved by the Investment Date, Buyer shall pay the Interim Purchase Price, as determined in accordance with this paragraph.

For the purpose of settling the Common Share Purchase Price Buyer shall, within 20 days following the Investment Date, deliver to Seller a final statement of the adjustments provided for in this Section 1.4 and of the number of basic subscribers on the Effective Investment Date and the resulting Common Share Purchase Price (the "Final Purchase Price"). Buyer and Seller shall, within 30 days thereafter, meet as often as required and settle the above-referenced statements. If Buyer and Seller are unable to agree on such statements within such 30-day period, all matters in dispute (and no other matters) shall be referred to Peat, Marwick, Main & Co. (the "Expert") who shall, acting as an expert and not an arbitrator, determine all matters in dispute and report thereon in writing to Buyer and Seller within 20 days after all matters in dispute were referred to the Expert and such report shall be final and binding upon the parties hereto. The parties hereto agree to permit the Expert such access to their respective premises and books and records and to render to the Expert all such reasonable assistance as the Expert may deem necessary to make its determination. On the 5th day following the 30-day period referred to above, Seller shall pay to Buyer the amount, if any, by which the Interim Purchase Price is greater than the Final Purchase

Price, plus the additional factor thereon as set out below (other than with respect to matters in dispute), or Buyer shall pay to Seller the amount by which the Final Purchase Price is greater than the Interim Purchase Price, plus the additional factor thereon as set out below (other than with respect to matters in dispute). On the 5th day following the delivery of the report of the Expert, Seller shall pay to Buyer by wire transfer of immediately available funds to an account designated by Buyer the amount, if any, by which the Final Purchase Price has been reduced by such report plus the additional factor thereon as set out below or Buyer shall pay to Seller by wire transfer of immediately available funds to an account designated by Seller the amount by which the Final Purchase Price has been increased by such report plus the additional factor thereon as set out below. Any amount payable by Seller to Buyer or by Buyer to Seller pursuant hereto, as the case may be, shall be increased by an amount for each day from the Effective Investment Date to the date of payment equal to such amount payable multiplied by a factor equal to the prime commercial lending rate for such day of the Chase Manhattan Bank divided by 365. Buyer and Seller shall bear in equal shares the costs of the Expert and the costs incurred in the final price determination.

G. Excluded Assets

It is hereby expressly acknowledged and agreed to by Buyer that at or prior to the Investment Date, Seller may cause Holdco or any Affiliate (as hereinafter defined) to assign or distribute to Seller or its designee without any consideration, all right, title and interest of the assignor in and to such of the following as are not reflected in the Interim Statements (as defined in Section 3.11):

(a) any claim, right or interest in and to any refund for federal, state or local franchise, income, possessory interest, sales, use or other taxes or fees of any nature whatsoever for periods prior to the Effective Investment Date (including, without limitation, fees paid to the United States Copyright Office);

(b) any legal or insurance claim, right, cause of action or damages payable to the assignor for periods prior to the Effective Investment Date except to the extent of any amount so payable with respect to the loss or reduction in value of any asset, other than current assets of Holdco or any Affiliate;

(c) any insurance policies, bonds, letters of credit or other similar items, or any cash surrender value in regard thereto relating to periods prior to the Effective Investment Date; and

(d) any health insurance, benefit plan or Workers' Compensation refunds or credits relating to periods prior to the Effective Investment Date.

1.4 Definition of Current Assets and Liabilities. For the purposes of this Agreement, "current assets" and "liabilities" shall have the meanings ascribed in, and the computations thereof shall be performed in accordance with, this Section 1.4. "Current assets" shall mean the sum of the consolidated net book value of all the assets of Holdco and the Affiliates recorded in the books and records of Holdco at the Effective Investment Date which in accordance with generally accepted accounting principles, applied on a consistent basis are treated as current assets. For greater certainty inventory shall be a current asset. "Liabilities" shall mean the sum of the consolidated net book value of all liabilities of Holdco and the Affiliates as recorded in the books and records at the Effective Investment Date, which in accordance with generally accepted accounting principles applied on a consistent basis are treated as liabilities (except for deferred taxes, liabilities for which Buyer has a right of indemnity and capital leases).

ARTICLE II

COMPLETION

In order to facilitate the investment by Buyer in Holdco and compliance with all regulatory approvals it may be desirable to complete the purchase and sale of the Purchased Shares and the change of voting and actual working control only after all necessary regulatory approvals have been obtained.

2.1 Investment Date. The purchase and sale of the Common Shares shall be completed at the offices of Seller, Suite 2600, Commercial Union Tower, Toronto-Dominion Centre, Toronto, Ontario or at such other place as Seller and Buyer may agree at 10:00 a.m. (Toronto time) on the tenth business day after the Effective Investment Date or on such later date as the conditions precedent set forth in Article X shall have been fulfilled in all material respects or waived as provided therein (the "Investment Date").

2.2 Instruments of Conveyance at the Investment Date. Subject to the other terms and provisions hereof, Seller will, on the Investment Date, deliver to Buyer stock certificates representing all of the Common Shares in negotiable form, duly endorsed for transfer against payment of the Common Share Purchase Price. For greater certainty, the completion of the purchase and sale of the Common Shares is independent of the completion of the purchase and sale of the Multiple Voting Shares and Buyer is not entitled to any refund, adjustment or abatement of the Common Share Purchase Price in the event that the purchase and sale of the Multiple Voting Shares are not completed for any reason whatsoever.

2.3 Closing Date. The closing of the purchase and sale of the Multiple Voting Shares (the "Closing") shall take place at the offices of Seller, Suite 2600 Commercial Union Tower, Toronto-Dominion Centre, Toronto, Ontario or at such other place as Seller and Buyer may agree at 10:00 a.m. (Toronto time) on the last to occur of the Investment Date and the third business day after all consents or approvals Buyer reasonably deems necessary of the grantors of the Approval Franchises (as hereinafter defined) to the sale of all of the issued and outstanding capital stock of Holdco to Buyer have been obtained or at such earlier time as Buyer may, by three business days prior written notice to Seller, determine (the "Closing Date").

2.4 Instruments of Conveyance at the Closing. Subject to the terms and provisions hereof, Seller will, at the Closing, deliver to Buyer stock certificates representing all of the Multiple Voting Shares in negotiable form, duly endorsed for transfer against payment of the Multiple Voting Share Purchase Price.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby makes the following representations and warranties, each of which, except as described below, is true and accurate on the date hereof and each of which will be true and accurate on the Investment Date except for changes permitted by this Agreement, except as disclosed in the financial statements referred to in Section 3.11, except as otherwise disclosed in writing to Buyer (and accepted by Buyer in writing) contemporaneously with the execution and delivery of this Agreement by the parties hereto.

3.1 Organization of Holdco and Subsidiaries. Each of Holdco and the Subsidiaries (as hereinafter defined) is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and each has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of Holdco and the Subsidiaries is duly qualified or licensed and in good standing to do business in each jurisdiction in which the property owned or leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so duly qualified or licensed or in good standing would not have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System. Seller has delivered to Buyer true and complete copies of the Articles of Incorporation and By-laws of each of Holdco and the Subsidiaries, as amended through the date hereof. Schedule 3.1 - Holdco and Its Subsidiaries sets forth a complete and correct description of (i) each jurisdiction in which Holdco is qualified or licensed to do business and the number of shares of capital stock of Holdco to be issued and outstanding on the Investment Date; (ii) the name and jurisdiction of incorporation of each corporation of which Holdco owns, directly or indirectly, more than 50% of the capital stock having ordinary voting power for the election of directors (individually, a "Subsidiary" and collectively, the "Subsidiaries"); (iii) the number of shares of capital stock of each Subsidiary authorized and outstanding and the number of shares of such stock of each Subsidiary owned by Holdco and/or any of the Subsidiaries; (iv) the jurisdiction, if any, in which each Subsidiary is qualified or licensed to do business; (v) the name and jurisdiction of organization of each partnership in which Holdco owns, directly or indirectly, any partnership interest (individually, a

"Partnership" and collectively, the "Partnerships") (the Subsidiaries and the Partnerships being herein sometimes collectively referred to as the "Affiliates"); and (vi) the kind and amount of such partnership interest owned and the percentage such interest is of all outstanding partnership interests of such Partnership. Except as set forth in Schedule 3.1 - Holdco and Its Subsidiaries, Holdco does not, directly or indirectly, own or control or have any material capital, equity, partnership, participation or other interest in any corporation, partnership, joint venture or other business association or entity. Each of the Partnerships has been duly constituted and is validly existing under its jurisdiction of constitution.

3.2 Capitalization. The authorized and issued and outstanding share capital of each Subsidiary is as set out in Schedule 3.1 - Holdco and Its Subsidiaries and all such issued and outstanding shares have been duly issued, fully paid and are non-assessable. Seller is the recorded and beneficial owner of all of the issued and outstanding Common Shares and Series A Multiple Voting Shares in the capital of Holdco, which on the Investment Date will constitute all of the capital stock of Holdco with a good and marketable title therein and thereto, free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances whatsoever and on the Investment Date all such capital stock will have been duly issued, fully paid and non-assessable. The transfers to Buyer on the Investment Date and Closing Date will vest in Buyer good and marketable title to all of the capital stock of Holdco free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances except such as shall be placed thereon by Buyer. Schedule 3.1 - Holdco and Its Subsidiaries is a true and complete list (effective as at the Investment Date) of the recorded and beneficial ownership of the issued and outstanding capital stock of each Subsidiary and each partnership unit in each Partnership. Except as disclosed in Schedule 3.1 - Holdco and Its Subsidiaries, Holdco and the Subsidiaries will be at the Investment Date the beneficial and recorded owners of the shares of capital stock and partnership interests indicated on Schedule 3.1 - Holdco and Its Subsidiaries and on the Investment Date will have a good and marketable title therein and thereto, free and clear of all mortgages, pledges, liens, security interests, adverse claims and encumbrances whatsoever. At the Investment Date, Seller shall deliver to Buyer a revised Schedule 3.1 - Holdco and Its Subsidiaries which shall reflect all changes in the capitalization of the Affiliates since the date hereof which are permitted by Article V hereof or resulting from the purchase or redemption of partnership units in Rogers CableSystems of Minneapolis Limited Partnership and Rogers Multnomah CableSystems Limited Partnership or resulting from any liquidation of any Partnership or resulting from the purchase of shares of

Rogers Cablesystems of America, Inc. and all references to Schedule 3.1 - Holdco and Its Subsidiaries thereafter shall be deemed to refer to the revised Schedule 3.1 - Holdco and Its Subsidiaries. Except for the rights of Buyer hereunder or as otherwise disclosed herein or in the documents evidencing the Franchises and subject to the terms of the agreements constituting the Partnerships, no person (other than a Subsidiary) has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for the purchase of any of the Purchased Shares or for the purchase of any of the issued and outstanding shares or securities in the capital of Holdco or of any Subsidiary or in any Partnership or any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares or other securities of Holdco or any Subsidiary or Partnership. Neither Holdco, nor any of the Affiliates, has any obligation to make additional capital contributions to any Partnership or has committed to do so.

3.3 Authorization of Agreement. Seller is a corporation duly incorporated and validly subsisting under the laws of Canada and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action of Seller. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to specific performance, being an equitable remedy, lying within the discretion of a court of competent jurisdiction.

3.4 No Violations. Neither the execution and delivery of this Agreement, nor the performance by Seller of its obligations hereunder will (i) violate the charter, by-laws or partnership agreements of Seller, Holdco or any of the Affiliates, (ii) assuming satisfaction of the requirements set forth in clause (iii) below, violate any provision of any law, rule, regulation, order, judgment or decree ("Law") or any agreement, in each case applicable to any of Seller, Holdco or the Affiliates or by which any of their respective property or assets are bound or affected (except for those violations which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System, or (iii), except for (1) requirements, if any, arising

out of any required pre-merger notification and related filings with the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Department of Justice") pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Hart-Scott Act"), (2) requirements, if any, arising out of any required filings with the Federal Communication Commission (the "FCC") pursuant to the Communications Act of 1934, as amended, and the rules and regulations thereunder (the "Communications Act"), (3) approvals and consents as may be necessary pursuant to the Franchises and applicable Laws with respect thereto, require any consent, approval, filing or notice under any provision of any Law applicable to Holdco or any of the Affiliates except for those consents, approvals, filings and notices, the absence of which would not, either individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole or of any System.

3.5 Litigation. Except for those actions for which Seller has agreed to indemnify Buyer pursuant to Section 11.1, there is no pending (or threatened against Seller of which Seller has received notice) suit, claim, action or proceeding to which Holdco or any of the Affiliates is a party which individually or in the aggregate could have a material adverse affect on the business, results of operation or financial condition of Holdco and the Affiliates taken as a whole. No judgment, order or decree has been entered nor any such liability incurred which has such effect. There is no claim, action or proceeding pending (or threatened against Seller of which Seller has received notice) which will prevent or delay the consummation of the transactions contemplated by this Agreement.

3.6 Compliance with Laws. Subject to obtaining the consents and approvals referred to in Section 3.4, Holdco and each Affiliate are in compliance in all material respects with all applicable Laws to which they are subject. There is no tax or other Law which applies to Seller which requires that any amount be withheld from the Purchase Price by reason of the fact that Seller is not incorporated under the laws of the United States or any State thereof. Without limiting the generality of the foregoing, the Systems comply in all material respects with the requirements of the FCC and, with respect to the cable television towers used by a System, the regulations of the Federal Aviation Administration; all fees required to be paid by Holdco or any Affiliate under the terms of the United States Copyright Revision Act of 1976 (Public Law 94-533) have been properly computed and paid by on or behalf of Holdco or such Affiliate; neither Holdco nor any

Affiliate has violated the rights of any legal or beneficial copyright owner by reason of any transmission or distribution through any of the Systems or by any other act which is an infringement under any of the provisions of any applicable copyright laws, including, without limitation, the Copyright Act of 1976 and the applicable rules and regulations of the United States Copyright Office.

3.7 Tax Matters. There has been duly filed by or on behalf of Holdco and each Affiliate, or a filing extension from the appropriate federal, state, foreign and local governments or governmental agencies has been obtained with respect to, all federal, state, foreign and material local income, franchise, sales, use, property and other tax returns and reports required to be filed on or prior to the date hereof and payment in full or adequate provision for the payment of all taxes shown to be due on such tax returns has been made (except for such failures to file or make payment which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). The Federal income tax returns required to be filed by or on behalf of Holdco and each Affiliate under the Internal Revenue Code of 1986, as amended, or any predecessor statute (the "Code"), have either been examined by the Internal Revenue Service ("IRS") or the period during which any assessments may be made by the IRS has expired for all years up to and including the taxable year ended August 31, 1984 and any deficiencies or assessments asserted in writing by the IRS have either been paid or reserved against or are being contested in good faith by appropriate proceedings. All other assessments of taxes due and payable as of the date hereof by or on behalf of Holdco and each Affiliate have either been paid or provided for or are being contested in good faith by appropriate proceedings (except for such failures to pay or provide for which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). Neither Holdco nor any Affiliate has given any waiver of any statute of limitations relating to the payment of taxes, which waiver has not yet expired save and except for a waiver in respect of California sales and use taxes for the period July 1, 1984 to March 31, 1985, which waiver is scheduled to expire July 31, 1988. Neither Holdco nor any Affiliate, has, with regard to any assets or property held, acquired or to be acquired by it, filed a consent pursuant to Section 341(f) of the Code.

3.8 Employee Matters. (i) The names of and the IRS identification numbers of all "employee benefit plans," as defined by Section 3(3) of the Employee Retirement Income Security

Act of 1974, as amended ("ERISA"), presently in effect which have been maintained or contributed to by Holdco or any of its Affiliates during any of the last five years (the "Company Plans") are listed on Schedule 3.8 - Pension Plans hereto. All Company Plans that constitute "employee pension benefit plans" as defined in Section 3(2) of ERISA (the "Company Pension Plans") are so designated on Schedule 3.8 - Pension Plans. No Company Pension Plan constitutes a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA nor has Holdco or any of its Affiliates had, within the five preceding years, any obligation to contribute to any such "multiemployer plan". No withdrawal liability has been incurred by Holdco or any of its Affiliates with respect to any "multiemployer plan".

(ii) Except as set forth on Schedule 3.8 - Pension Plans, each Company Pension Plan has received a favourable determination letter from the IRS with respect to such plan's status under Section 401 of the Code, and Seller is not aware of any facts which would adversely affect the qualified status of such Company Pension Plans.

(iii) Except as set forth on Schedule 3.8 - Pension Plans, Holdco and its Affiliates have not incurred in connection with the termination of a Company Pension Plan, and Seller has no knowledge of any event or condition which would be reasonably likely to cause, any liability to the Pension Benefit Guaranty Corporation ("PBGC") or to a Section 4049 trust under Title IV of ERISA.

(iv) Except as set forth on Schedule 3.8 - Pension Plans, there are no pending claims or lawsuits that have been asserted or instituted against the assets of any of the trusts under the Company Plans or against Holdco or any of its Affiliates or any fiduciary of the Company Plans with respect to the operation of the Company Plans, which if adversely determined would, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole.

(v) Except as set forth on Schedule 3.8 - Pension Plans, the Company Plans have been maintained and administered in all material respects in accordance with their terms and with all provisions of ERISA and the Code (including rules and regulations under ERISA and the Code) applicable thereto and neither Holdco nor any Affiliates nor any "party in interest" or "disqualified person" within the control of Holdco or any Affiliate with respect to the Company Plans has

engaged in a "prohibited transaction" within the meaning of Section 4975 of the Code or Title I, Part 4 of ERISA (except for transactions the liability of Holdco or any Affiliate with respect to which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole). Without limiting the generality of the foregoing, none of the Company Plans has incurred an "accumulated funding deficiency" within the meaning of Section 302 of ERISA or Section 412 of the Code whether or not waived; no Company Pension Plan has been the subject of a "reportable event" as defined in Section 4043 of ERISA, as to which notice would be required to be filed with the PBGC (except for events the liability of Holdco or any Affiliate with respect to which would not, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of Holdco and the Affiliates taken as a whole); and Holdco and the Affiliates have made or will make all required contributions under each Company Plan for all periods through and including the Investment Date or adequate accruals therefor have been or will be provided for in all material respects. With respect to each Company Pension Plan that is subject to Title IV of ERISA and with respect to all of such Plans in the aggregate, as of the Investment Date, the present value of vested and nonvested benefits accrued under such Plan or Plans on a termination basis using actuarial assumptions established by the PBGC for such purpose and as in effect on such date does not exceed the assets of such Plan or Plans by more than \$250,000.

(vi) Schedule 3.8 - Pension Plans, sets forth a correct and complete list of each of the following agreements, arrangements and commitments to which Holdco or any of its Affiliates is a party or by which any of them may be bound: (x) each written employment, consulting, agency or commission agreement not terminable without liability to Holdco or any Affiliate upon 30 days' or less prior notice to the employee, consultant or agent or involving compensation or remuneration of more than \$60,000 per annum; (y) each agreement with labour unions; and (z) each bonus, deferred compensation, severance, salary continuation, profit sharing, pension or retirement, stock option or stock purchase, hospitalization, insurance, medical reimbursement and other plan or program providing employee or executive benefits. With respect to any "employee welfare benefit plan," as defined in Section 3(1) of ERISA, providing medical or health benefits, there currently exists no liability for providing such benefits to retirees or other terminated employees as determined actuarially utilizing reasonable actuarial assumptions and methods. The transactions contemplated by this agreement will not result in any employee, former employee or other person

being entitled to any severance benefit. Neither Holdco nor any of its Affiliates is subject to any union organizing effort and to the knowledge of Holdco no such effort is threatened.

3.9 Title to Assets at the Investment Date. At the Investment Date, each of Holdco and its Affiliates will be the sole owner (both legal and beneficial) of all of its property and assets material to its business and operations (other than those assets leased by Holdco or any Affiliate) free and clear of all mortgages, liens, security interests, and other encumbrances whatsoever and except for title defects, irregularities or encumbrances which, in the aggregate, will not materially impair the fair market value or use of such property and except for security interests securing indebtedness under capital lease agreements not exceeding \$10,000,000 for Holdco and its Affiliates in the aggregate, those which the Buyer elects to retain on the assets on several of the Partnerships in order to protect the tax position of the general and limited partners with respect to their limited partnership units and a first charge on inventory and accounts receivable of the San Antonio cable system serving Greater San Antonio, Texas securing bank indebtedness of not more than \$5,000,000 and various security interests securing intercompany indebtedness which will be released upon payment of such indebtedness.

3.10 Licenses. Each of Holdco and each of the Affiliates is the holder of all material licenses, ordinances, authorizations, permits and certificates, other than franchises required to operate cable television systems, (collectively, the "Licenses") necessary to enable it to continue to conduct its businesses in all material respects as presently conducted, and is the holder of all Franchises required to operate the cable television systems and related facilities in which it has an interest provided, however, that Holdco and the Affiliates may not, from time-to-time, hold the necessary Licenses or Franchises for up to 10,000 subscribers. Except as provided herein all of the Franchises and Licenses are in full force and effect in all material respects. Holdco has no reason to believe that the FCC or any state or local government having jurisdiction will revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the Licenses or Franchises as a result of any act or failure to act in the performance of the obligations of Holdco or any Affiliate prior to the date hereof or for any other reason to the extent such revocation, cancellation, rescission, modification or refusal has been threatened. There is not now pending any investigation before the FCC or any of such state and local governments, nor is there issued or outstanding by the FCC any Order to Show Cause, Notice of Violation, Notice of Apparent Liability or Notice of

Forfeiture or material complaint, nor, to the best knowledge of Seller, are any of the foregoing threatened against Holdco, any of the Affiliates or any of the Systems. Each of the Systems is operating, in all material respects, in accordance with the terms of its Franchises and all applicable Laws.

3.11 Financial Statements. Seller has, contemporaneously with the execution and delivery of this Agreement, delivered to Buyer certified copies of the Consolidated Audited Balance sheet at August 31, 1987 and Related Statements of Income, Stockholders' Equity and Changes in Financial Position for Holdco and its consolidated Subsidiaries for the year then ended (the "Financial Statements") and the interim unaudited balance sheet of Holdco and its Subsidiaries as at May 31, 1988 together with Consolidated Statement of Net Income for the eight months then ended (the "Interim Statements"). The Financial Statements (a) are complete and correct in all material respects, (b) have been prepared in accordance with generally accepted accounting principles, and (c) present fairly the financial position of Holdco and its Subsidiaries on a consolidated basis at the date indicated and the results of the operations and changes in financial position for Holdco and its Subsidiaries for the period then ended. The Interim Statements are unaudited but are prepared on a consistent basis in accordance with generally accepted accounting principles, subject to normal year end adjustments and present fairly the financial position of Holdco and its Subsidiaries on a consolidated basis at the date indicated and the results of the operations and changes in financial position for Holdco and its Subsidiaries for the period then ended.

3.12 No Undisclosed Liability. Neither Holdco nor any Affiliate has any material liabilities not reflected on the Interim Statements, except those liabilities incurred in the ordinary course of business since May 31, 1988 or otherwise disclosed in writing to Buyer and accepted by Buyer prior to the date hereof.

3.13 Material Change. There has not been any material adverse change in the financial condition, results of operations, liabilities, assets or business of Holdco or any Affiliate and there has been no event within Seller's control which could result in any such adverse change.

3.14 Taxes on Sale of Stock. All stamp taxes, security transfer taxes or other like taxes payable in connection with the transfer of any shares in the capital stock of any Subsidiary or any partnership unit of a Partnership have been duly paid.

3.15 Books and Records. The books and records of Holdco and each Affiliate accurately reflect in all material respects the financial condition and results of operations of such entity and have been maintained in all material respects in accordance with good business and bookkeeping practices.

3.16 Insurance. Holdco and the Affiliates maintain such insurance as in Seller's view is prudent in the circumstances and during the past year, no application by Holdco or by any Affiliate for insurance or any bond has been denied for any reason.

3.17 Finders' Fees and Brokers' Fees. No finders' fees, brokerage or agents' commission or other like payments are payable to any third party or parties by reason of any agreement of Seller or resulting from Seller's use of any finder, broker, agent or other intermediary in connection with the negotiations relative to this Agreement or the consummation of the transactions contemplated hereby except for fees payable to Morgan Stanley & Co. Incorporated, which fees will be paid by Seller. Seller will hold Buyer harmless against any claim for brokerage and finders' fees or agents' commission incident to or in connection with the transactions contemplated by this Agreement claimed by any brokers or agents as a result of any action by Seller.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby makes the following representations and warranties, each of which is true and accurate on the date hereof and will be true and accurate on the Investment Date.

4.1 Organization. Buyer is a corporation duly incorporated and validly existing under the laws of the State of its incorporation; and has the corporate power and authority to enter into this Agreement and to acquire the Purchased Shares pursuant to this Agreement.

4.2 Corporate Ownership of Buyer. The registered and beneficial owners of all the issued and outstanding shares in the capital stock of Buyer are as set out below, each such shareholder owning, as the beneficial and registered owner thereof, that number of shares set out opposite its name below:

Name of Stockholder	Class of Stock	Number of Shares
KBLCOM Incorporated	Common Stock	1,000

The registered and beneficial owner of all the issued and outstanding capital stock of KBLCOM Incorporated is Houston Industries Incorporated ("HII") which is a publicly owned corporation without any controlling shareholder.

4.3 Authorization of Agreement. The execution and delivery of this Agreement and the performance by Buyer of the terms and conditions hereof has been duly authorized by all necessary corporate action of Buyer. This Agreement constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to specific performance, being an equitable remedy, lying within the discretion of a court of competent jurisdiction.

4.4 No Default. Except for filings and the expiration of applicable waiting periods under the Hart-Scott Act, as defined herein, and the obtaining of the relevant consents as set forth herein, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Buyer does not require the consent or approval of or filing with any person or governmental authority or violate any material provisions of any laws to which Buyer is subject.

4.5 Litigation. There is no pending suit, claim, action or proceeding to which Buyer is a party which individually or in the aggregate will have a material adverse effect upon Buyer or its ability to complete the purchase and sale hereby contemplated. No judgment, order or decree has been entered nor any such liability incurred which has such effect. There is no claim, action or proceeding pending (or threatened against Buyer of which Buyer has received notice) which will prevent or delay the consummation of the transactions contemplated by this Agreement.

4.6 Finders' Fees and Brokers' Fees. Buyer will hold Seller harmless against any claim for brokerage and finders' fees or agents' commission incident to or in connection with the transactions contemplated by this Agreement claimed by any brokers or agents as a result of any action by Buyer.

ARTICLE V

CONDUCT OF BUSINESS FROM EXECUTION OF THIS AGREEMENT UNTIL INVESTMENT DATE

5.1 Conduct of Business. Seller agrees that, except as otherwise consented to in writing by Buyer (which consent shall not be unreasonably withheld and Buyer agrees that it will respond to any request for consent on a timely basis) or as is contemplated by or disclosed in this Agreement from the execution hereof until the Investment Date:

(a) except as set forth herein, the respective businesses of Holdco and the Affiliates will be conducted only in the ordinary and usual course in accordance with prior practice; provided, however, that nothing herein will prevent the purchase of the limited partnership units described in Section 1.4 and the wind-up or dissolution of any such partnership and Seller will give prompt notice to Buyer of any such dissolution, together with particulars thereof, taken prior to the Investment Date;

(b) Holdco shall use reasonable commercial efforts to preserve intact the business organization of Holdco and the Affiliates, to preserve the Franchises and Licences in full force and effect, to keep available the services of its and their present officers and key employees, and to preserve the goodwill of those having business relationships with Holdco or any of the Affiliates;

(c) neither Holdco nor any Affiliate will make any service adjustments in order to make current an otherwise delinquent subscriber except in accordance with prior practices;

(d) Seller shall not take any action nor cause Holdco or any Affiliate to take any action if the effect of such action would be to prevent Seller from completing the transaction of purchase and sale herein provided for, result in Seller breaching any of its representations and warranties contained herein or result in Holdco or any of the Affiliates incurring any liability for taxes not in the ordinary course of business;

(e) Seller shall promptly advise Buyer orally and in writing of any change which, to the knowledge of the executive officers of Seller, has had or is reasonably likely to have a material adverse effect on the financial condition, results of operations or businesses of Holdco and the Affiliates taken as a whole or of any System; and

(f) except with respect to the leases of real property and other contracts described below, neither Holdco nor any Affiliate will directly or indirectly enter into or be a party to any contract or other agreement of any nature whatsoever with Seller or any person affiliated to Seller (as defined under the Securities Exchange Act, 1934), which will not have been terminated on or prior to the Investment Date ;

1. Lease Agreement made as of August 31, 1987 between Rogers Video Shopping, Inc. ("Video") and Rogers - Portland Cablesystems, an Oregon Limited Partnership with respect to premises located at 3075 N. E. Sandy Boulevard, Portland, Oregon;

2. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc. with respect to the premises located at 403 Urban Loop, San Antonio, Texas;

3. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc., with respect to the premises located at 5981 Highway 87 East, San Antonio, Texas;

4. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of the Southwest, Inc. with respect to premises located at 2805 S.W. Loop 410 San Antonio, Texas;

5. Lease Agreement made as of August 31, 1987 between Video and Rogers Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership, with respect to premises located at 801 Plymouth Avenue North, Minneapolis, Minnesota;

6. Lease Agreement made as of January 5, 1988 between Video and Rogers Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership, with respect to premises located at 721 12th Avenue North (sometimes referred to as 1156 Aldrich Avenue North), Minneapolis, Minnesota; and

7. all existing agreements to provide subscriber accounting services to the Systems provided however that on or prior to the Investment Date each such agreement shall be amended to be cancellable on 30 days' written notice by either party on a System by System basis.

5.2 Rate Increases. Notwithstanding anything to the contrary contained in Section 5.1, the Buyer acknowledges and agrees that no action with respect to any rate increase for cable television services provided by a System or any portion thereof need be implemented prior to the Investment Date.

5.3 Repayment of Debt. Neither Holdco nor any Affiliate will repay any long-term indebtedness reflected on the Interim Statements prior to the Investment Date other than for scheduled repayments required by the documents evidencing such indebtedness subject to the requirement that Buyer shall, on the Investment Date at Seller's request, cause such indebtedness to be refunded. For purposes of this Section 5.3, long-term indebtedness shall not include capitalized leases.

ARTICLE VI

INVESTIGATION BY BUYER

6.1 Access to Records. Following execution hereof and prior to the Investment Date, Seller shall give Buyer and its representatives, including, without limitation, advisors, accountants and attorneys designated by Buyer, full access during ordinary business hours, upon

reasonable notice, to Holdco's and the Affiliates' premises, assets, properties, books of account, agreements and commitments, provided that Buyer's investigation and use of the same shall not unreasonably interfere with the normal operations thereof. Seller shall furnish Buyer with all information with respect to Holdco, the Affiliates and the Systems as Buyer may, from time to time, reasonably request. Notwithstanding any such investigation, the representations and warranties of Seller contained herein shall continue in full force and effect for the benefit of Buyer as provided in Article XI. Buyer shall give Seller prompt notice of any breaches of the representations and warranties of Seller known to Buyer.

6.2 Confidentiality of Information. In the event that the transactions contemplated by this Agreement are not consummated the parties agree not to disclose to any third person or to the public any information relating to their respective business and affairs, except as required by law or except as such information is known to the public otherwise than by a breach of the confidentiality obligations contained herein; provided, however, that neither Seller nor Buyer shall be required hereunder to exercise a higher degree of care in safeguarding such confidential information than is customarily exercised by such party with respect to its own confidential information. In addition, each party shall ensure, by appropriate steps, that any person to whom confidential information is disclosed by such party, will maintain the confidentiality of same. In the event that the transactions contemplated by this Agreement are not consummated, each party further agrees to return any such confidential materials to the other party promptly upon request.

6.3 Public Announcements. Except as required by law if Seller, on the one hand, or Buyer, on the other hand, propose to make any public announcement relating to the transactions herein contemplated, such party will submit its proposed announcement in advance to the other party and will give it a reasonable opportunity in the circumstances to comment thereon in advance of release.

ARTICLE VII

COVENANTS OF SELLER AND BUYER

7.1 Necessary Franchise Approvals. The parties acknowledge that the structure of the transaction of purchase and sale of the Purchased Shares is intended to ensure compliance with all Laws and Franchises. To this end, Buyer acknowledges that it has reviewed the terms of all documents furnished to it by Seller as constituting or relating to the Franchises and as a result of such review, Buyer acknowledges and agrees subject to the provisions of documents constituting or relating to the Franchises not furnished by Seller, if any, and without reliance on Seller or any of its affiliates or their respective directors, officers, employees or agents that the only Franchises that require the consent or approval of the grantor thereof to the sale of the Purchased Shares to Buyer are those noted with an asterisk in Schedule 1 - Systems (herein the "Approval Franchises"). Notwithstanding anything herein contained, subject to the provisions of documents constituting or relating to the Franchises not furnished by Seller, if any, Buyer agrees to accept all such other Franchises (the "Other Franchises") without obtaining the consent or approval of the grantor thereof prior to the Investment Date to the sale of all or any part of the Purchased Shares and, except as described in Sections 10.4 and 10.5, on their current terms and, accordingly Buyer will not apply to amend any Franchises until after the Investment Date. Buyer will use its best efforts both before and after the Investment Date to obtain any necessary consents or authorizations under the Approval Franchises to the purchase and sale of the Purchased Shares.

7.2 Consent Under Approval Franchises and by FCC Prior to the Investment Date. Buyer shall use its best efforts and all due diligence and dispatch, prior to and subsequent to the Investment Date (including, without limitation, by attendance at FCC or state regulatory hearings, City Council or similar meetings and hearings before local and county administrative bodies and Buyer will give Seller reasonable notice of the time and date of such meetings and hearings and by responding promptly to any requests by regulatory authorities) to apply for and obtain all requisite consents, approvals and authorizations (including ordinances approving transfers) required to be received by or on the part of Seller or Buyer under the terms of the Approval Franchises and from the FCC for the purchase and sale of the Purchased Shares. Completed applications with respect to the Approval Franchises and for consent of the FCC as described below shall be made within twenty-one (21) days from the date hereof. Buyer agrees to

accept the Approval Franchises and the other Franchises on their current terms, except as described in Sections 10.4 and 10.5, and will not seek or be required to accept any amendment thereof. Schedule 7.2 - FCC Licenses is a list of all FCC licences held by Seller. Seller agrees to use all due diligence to co-operate and assist Buyer in obtaining the foregoing approvals (including, without limitation, by execution of any and all applications and related documents and by attendance at FCC and state regulatory hearings, City Council or similar meetings and hearings before local and country administrative bodies). In addition, Seller shall provide Buyer with background information on the cities that have granted Franchises, their elected officials and staff and the regulatory history of the cities and shall introduce Buyer to the appropriate officials. Seller shall have the right, after consultation with Buyer, but not the obligation, to communicate directly with such governmental authorities with respect to said approvals, consents and authorizations, but the foregoing right of Seller and the exercise thereof, shall not diminish Buyer's obligation under this Section 7.2. Seller shall not be obligated to agree, nor shall Buyer make any representation to governmental authorities that Seller would agree to any continuing obligation under any Franchise as a condition of any consent or approval to the purchase and sale of the Purchased Shares. Each party shall be responsible for its own out-of-pocket costs incurred in applying for and obtaining all of the requisite consents, approvals and authorizations referred to above, provided however that Buyer shall be solely responsible for the cost and the implementation of all commitments made to any franchising authority in respect of such consents, approvals and authorizations referred to above, except that the costs of any consultant retained by or studies made by the franchising authority and the fees and disbursements of legal counsel retained by the franchising authority shall be borne by Buyer and Seller in equal shares. Buyer shall give Seller weekly progress reports with respect to the status of obtaining the foregoing consents, authorizations and approvals consisting of such information as Seller may from time to time reasonably request. Buyer will provide Seller with a copy of all correspondence between any franchising authority, the FCC, any federal, city, state or local governmental authority or regulatory body having jurisdiction and their respective agents and advisors in connection with the foregoing consents and approvals and if Buyer is the sender of such correspondence, such correspondence will be provided to Seller in advance of its sending.

7.3 Bank Financing. Buyer shall deliver to Seller by September 30, 1988, a description of its proposed plan for financing the purchase of the Purchased Shares and shall keep Seller generally informed of its progress in obtaining such financing.

7.4 Further Assurances. Each of the parties hereto shall, subject to the fulfilment at or before the Investment Date of each of the conditions to its performance set forth herein or the waiver thereof, perform such further acts and execute such documents (at the expense of the party requesting execution of same) as reasonably may be required to effectuate the transactions contemplated hereby.

7.5 Posting of Bonds. At the Investment Date Buyer will post all bonds, security deposits and letters of credit with utility companies, lessors under Safe Harbor Leases, surety companies and others and all bonds, security deposits and letters of credit required by the terms of any Franchise or to the extent required to enable Seller to obtain the release and cancellation of the letters of credit posted by Holdco and any of the Affiliates with utility companies, lessors under Safe Harbor Leases, surety companies or others or under the terms of any Franchise with respect to the Systems, as set forth on Schedule 7.5 - Bonds, Letters of Credit and Security Deposits and if Buyer is unable to obtain any of such releases or cancellations it will indemnify Seller and Seller's affiliates with respect thereto.

7.6 Hart-Scott Act. Buyer and Seller shall each make all necessary filings as promptly as practicable after the date hereof but in no event later than 30 days from the date hereof with the FTC and the Department of Justice pursuant to the Hart-Scott Act and promptly respond to any request for further information. The parties shall not unreasonably delay submission of information required by the FTC and the Department of Justice under the Hart-Scott Act and shall use their best efforts to supply such information promptly. Without limiting the generality of the foregoing, Seller shall, and shall use its best efforts to cause its Affiliates to, coordinate with Buyer the filing of the reports and information required by or pursuant to the Hart-Scott Act (and exchanging drafts thereof) so as to present such reports and information to the FTC and the Department of Justice as promptly as possible and to avoid substantial errors or inconsistencies in the description of the transaction.

7.7 Release. Buyer shall use its best efforts to obtain by the Investment Date releases of Rogers Communications Inc. and any person related to it from the performance guarantees for the franchise agreements set out below and will give Seller a monthly status report with respect to same:

- (a) Portland Franchise Agreement;
- (b) Multnomah Franchise Agreement;
- (c) Minneapolis Franchise Agreement;
- (d) Minnesota Southwest Franchise Agreement ;
- (e) Garden Grove Franchise Agreement ; and

(f) Dickinson Pacific Cablesystems Franchise Agreements(Huntington Beach, Stanton, Westminster, Midway City and Fountain Valley) .

In the event that such releases are not obtained by the Investment Date, Buyer together with the Buyer's Guarantors (as hereinafter defined) shall, at that time, provide an indemnity in favour of Rogers Communications Inc. and its affiliates, such indemnity to be in form and content reasonably acceptable to Rogers Communications Inc.

7.8 Defence of Litigation. Each of the parties hereto agrees to vigorously defend against any actions, suits, or proceedings in which such party is named as a defendant which seeks to enjoin, restrain or prohibit the transactions contemplated hereby or seeks damages with respect to such transactions.

7.9 Financial Statements. As soon as reasonably practicable, but in no event later than 60 days after the date hereof and from time to time thereafter until the Investment Date or the earlier termination of this Agreement, Seller shall deliver to Buyer such audited annual and unaudited interim financial statements of Holdco and the Affiliates, as Buyer may reasonably request and as Seller may have or may prepare (there being no obligation on Seller to prepare any such financial statements which it normally does not prepare). Seller agrees to prepare at Buyer's expense such additional financial statements as Buyer may request.

7.10 Access to Records. After the Closing Date, Buyer shall give Seller and its authorized representatives, on reasonable notice, access to and copies of the books and records of Holdco and to the Affiliates for tax, litigation, regulatory or other proper purposes, including the defense or prosecution of any claim or the fulfillment of any legal requirement.

7.11 Change in Corporate Shareholders. Buyer covenants and agrees that no change in the shareholders referred to in Section 4.2 will take place prior to the Investment Date if the effect of such change is to require the applications referred to in Sections 7.2 and 7.6 to be amended or refiled.

7.12 Best Efforts. Each of the parties will use its best efforts to insure that on the Investment Date all conditions (including the accuracy of representations and warranties and compliance with consents) to consummation of purchase of the Purchased Shares are satisfied.

In the event that any party hereto should be in breach of any of its covenants set out in Sections 7.2, 7.3 and 7.6 or there should be a breach of the guarantees referred to in Section 8.1 or Section 9.1, then the party not in breach shall have the right to give the party in breach notice of the breach together with particulars thereof and the steps needed to cure such breach and the party in breach shall have five business days to remedy such breach. If such breach is not remedied within such five business day period, then the party not in breach may terminate this Agreement by notice in writing to the party in breach without prejudice to any of the rights and remedies that the party not in breach may have.

GUARANTY OF ROGERS CABLESYSTEMS INC.

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Guaranty") is made as of the 9th day of August, 1988, by Rogers CableSystems Inc., a Canadian corporation ("Guarantor") having its principal office at Toronto, Ontario, in favour of KBL Cable, Inc., a Texas corporation (the "Buyer") having its principal office at Houston, Texas.

WITNESSETH:

WHEREAS Rogers U.S. Holdings Limited ("Seller") and Buyer are parties to that certain Stock Purchase Agreement dated August 9, 1988 (the "Purchase Agreement"); and

WHEREAS Buyer has agreed to enter into and execute the Purchase Agreement only on the condition that Guarantor execute and deliver this Guaranty; and

WHEREAS pursuant to Section 8.1 of the Purchase Agreement, Guarantor is executing and delivering this Guaranty;

NOW, THEREFORE, with reference to the above recitals and in reliance thereon, and in order to induce Buyer to enter into and execute the Purchase Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, Guarantor hereby agrees as follows:

ARTICLE I

GUARANTY

Section 1.1 Definitions. Each Term used herein which is defined in the Purchase Agreement or in the Schedules thereto referred to therein shall have the same meaning as set forth therein unless the context otherwise requires.

Section 1.2 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to Buyer and to its successors or permitted assigns the full, prompt and complete performance of all obligations of Seller (and any successor or assign of Seller pursuant to Section 12.10 of the Purchase Agreement) set forth in the Purchase Agreement and Schedules thereto and all deeds, bills of sale, contracts and other instruments executed and delivered by Seller pursuant thereto. Guarantor agrees that its obligations hereunder shall be unconditional, absolute and irrevocable in that if Seller defaults in the performance or fulfillment or discharge of any agreement, covenants, undertaking, obligation, liability or warranty under the Purchase Agreement, including the Schedules thereto, or under any deed, bill of sale, contract or other instrument executed and delivered by Seller pursuant thereto, Guarantor shall immediately fulfill

and/or perform and/or discharge such agreement, covenant, obligation, undertaking, liability and/or warranty of Seller. The obligation of Guarantor to Buyer hereunder is absolute and unconditional. The obligations set forth herein are a guaranty of payment and performance and not just collection.

The obligations of Guarantor hereunder shall not be in any way discharged or impaired or otherwise affected, and the rights of Buyer hereunder shall not be in any way diminished or affected by, (i) any insolvency, bankruptcy, receivership, reorganization, dissolution or liquidation of Seller, (ii) any sale or transfer by Guarantor of any capital stock of Seller or any merger, consolidation or sale of assets by or involving Seller, (iii) any failure, delay or waiver on the part of Seller, whether with or without fault on its part, in enforcing the obligations of Seller under the Purchase Agreement, (iv) any modification, amendment or supplement to the Purchase Agreement and Schedules thereto or any deed, bill of sale, contract or other instrument executed and delivered by Seller pursuant thereto, which modifications, amendments or supplements may be made without the consent of Guarantor, or (v) any other circumstances which might be deemed to constitute a legal or equitable defence of Guarantor as a surety or guarantor, or otherwise. Without limiting the generality of the foregoing, Guarantor hereby waives notice of acceptance of this Guaranty Agreement, presentment, demand, protest, notice of nonpayment or notice of any default in response to this Guaranty Agreement and any and all other notices which may be required to preserve intact all rights against Guarantor hereunder, and Guarantor agrees that the obligations of Guarantor hereunder shall not be affected by any modification, termination or extension of any provision of the Purchase Agreement or the transactions contemplated thereby or the documents referred to therein.

ARTICLE II

DURATION

This Guaranty Agreement shall continue in force until all obligations of Seller under the Purchase Agreement, including the Schedules thereto, and under all deeds, bills of sale, contracts or other instruments executed and delivered by Seller pursuant thereto shall have been satisfied or until the applicable statute of limitations under the laws of the State of New York shall have run as to any particular claim.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor represents and warrants to Buyer as follows:

- (a) Guarantor is a corporation duly organized and validly existing in good standing under the laws of Canada, and has all requisite corporate power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Guaranty Agreement.

- (b) The execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor, and no other proceedings are necessary to authorize this Guaranty Agreement and the transactions contemplated hereby, or the performance or compliance by Guarantor with any of the terms, provisions or conditions hereof.
- (c) This Guaranty Agreement has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of guarantor enforceable against Guarantor in accordance with its own terms.
- (d) Neither the execution and delivery by Guarantor of this Guaranty Agreement nor the consummation of any of the transactions contemplated hereby requires the consent of or approval of, the giving of notice to, or the registration with, the recording or filing of any document with, or the taking of any action in respect of any governmental authority or agency.
- (e) There are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor or its assets before any court or administrative agency which are likely to be determined adversely to Guarantor and which would have a material adverse effect on Guarantor so as to affect its ability to perform under this Guaranty Agreement.
- (f) The execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby will not violate any provision of law, or the provision of any order, judgment or decree of any court or other governmental agency or the charter documents or By-laws of Guarantor or any agreement or other restriction to which Guarantor is a party or by which Guarantor is bound or result in a breach or constitute (with due notice or lapse of time or both) a default under any contract or agreement to which Guarantor is a party or by which it is bound.

ARTICLE IV

OTHER REMEDIES

Guarantor further agrees that nothing contained herein shall prevent Buyer from suing or from exercising any rights available to it under the Purchase Agreement or any of the Schedules thereto and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor hereunder. The failure or forbearance of Buyer to exercise any right thereunder, or otherwise granted to it by law or another agreement, shall not affect the obligation of Guarantor hereunder and shall not constitute a waiver of said right.

**ARTICLE V
MISCELLANEOUS**

Section 5.1 Successors and Assigns. This Guaranty Agreement shall be binding upon Guarantor, its successors and assigns and shall enure to the benefit of and shall be enforceable by Buyer and its successors and assigns.

Section 5.2 Expenses of Enforcement. Guarantor agrees to pay legal charges, expenses and costs, including reasonable attorneys' fees, which may be incurred in the enforcement of this Guaranty Agreement.

Section 5.3 Governing Law. THIS GUARANTY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 5.4 Severability. Every provision of this Guaranty Agreement is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty Agreement to be executed by its respective officers thereunto duly authorized as of the year and date first above written.

ROGERS CABLESYSTEMS INC.

By: "Graham W. Savage"
Senior Vice-President,
Investments

Accepted as of the above date

KBL CABLE, INC.

By: "William A. Cropper"

SCHEDULE 1

<u>System</u>	<u>Franchising Authority</u>	<u>Nature of Authorization</u>	<u>Franchise Fee</u>	<u>Franchise Expiration Date</u>	
1. Texas System					
A. Greater San Antonio (TX)					
Rogers Cable-systems of the Southwest, Inc.	Bexar County	Resolution	3%	Not Specified	
	Ft. Sam Houston	Contract	NA	2/28/90	
	Randolf AFB	Contract	NA	4/30/90	
	Kelly AFB	Contract	NA	4/30/92	
	Brooks AFB	Contract	NA	4/30/92	
	Lackland AFB	Contract	NA	4/30/92	
	* Universal City	Ordinance	5%	7/11/93	
	* Selma	Ordinance	5%	7/19/93	
	* Converse	Ordinance	5%	7/24/93	
	* Cibola	Ordinance	3%	8/2/93	
	* Windcrest	Ordinance	3%	8/13/93	
	* Live Oak	Ordinance	3%	8/21/93	
	* Schertz	Ordinance	3%	9/4/93	
	Olmos Park	Ordinance	3%	10/22/93	
	[San Antonio	Ordinance	5%	11/5/93]	
	Hollywood Park	Ordinance	5%	12/20/93	
	Alamo Heights	Ordinance	3%	1/7/94	
	Balcones Heights	Ordinance	3%	1/30/94	
	Grey Forest	Ordinance	3%	1/30/94	
	Castle Hills	Ordinance	5%	2/7/94	
	Shavano Park	Ordinance	3%	2/13/94	
	Hill Country Village	Ordinance	5%	2/15/94	
	Terrell Hills	Ordinance	3%	3/7/94	
	Kirby	Ordinance	3%	3/15/94	
	Leon Valley	Ordinance	5%	5/16/94	
	China Grove	Ordinance	3%	8/6/95	
	Helotes	Ordinance	3%	2/16/97	
	Cornal County	Resolution	3%	Not Specified	
		Guadalupe County	Resolution	3%	Not Specified
	Rogers Cable-systems of West Texas, Inc. and Rogers Cable-systems of Alamogordo, Inc.	(1) Bexar County	Resolution	3%	Not Specified

(1) No Franchise

<u>System</u>	<u>Franchising Authority</u>	<u>Nature of Authorization</u>	<u>Franchise Fee</u>	<u>Franchise Expiration Date</u>
B. Laredo (TX)				
Rogers Cable-systems of the Southwest, Inc.	*Laredo (1) Webb County	Ordinance	5% 5%	12/17/98 Not Specified
2. Minnesota System				
Rogers Cable-systems of Minneapolis-Minnesota Limited Partnership	*Minneapolis	Ordinance	5%	11/30/04
Rogers Cable-systems of Minnesota Limited Partnership	*Eden Prairie, *Edina, *Hopkins, *Minnetonka, *Richfield	Ordinance	3%	12/31/99
3. Oregon System				
Rogers-Portland Cablesystems - Oregon Limited Partnership	*Portland	Ordinance	5%	5/1/96
Rogers-Multnomah Cablesystems Oregon Limited Partnership	*Multnomah County *City of Gresham *City of Troutdale *City of Fairview *City of Wood Village	Franchise Agt.	5%	5/23/98
4. California System				
Rogers Cablesystems of the Southwest, Inc.	Rossmeor/Orange County *Los Alamitos *Garden Grove	Ordinance and Resolution Ordinance and Franch. Agmt Ordinance	3% 5% 5%	9/26/95 5/9/97 8/11/97

(1) No Franchise

<u>System</u>	<u>Franchising Authority</u>	<u>Nature of Authorization</u>	<u>Franchise Fee</u>	<u>Franchise Expiration Date</u>
4. California System (continued)				
Dickinson Pacific	*Fountain Valley	Resolution	5%	9/30/99
Cablesystems -	*Huntington Beach	Resolution	5%	9/30/99
California	*Stanton	Resolution	5%	9/30/99
General	*Westminster	Resolution	5%	9/30/99
Partnership	(1) Midway City/ Orange County	Resolution and Ordinance	5%	5/21/97

* Franchises which Buyer has determined require approvals

(1) No Franchise

Schedule 1.1(a)

Proposed Preference Share Conditions

1. The authorized capital of the Corporation shall be increased by the creation of 100 shares of a class of shares to be designated as Series A Multiple Voting Preferred Shares with a par value of \$0.01 each (hereinafter referred to as the "Special shares"), which Special shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) The Special shares shall be redeemable at the option of the Corporation or the holder thereof as set forth below.

(i) Upon receipt by the Corporation of an instrument in writing (the "Instrument") signed by the holder or holders of a majority of the issued and outstanding shares of common stock in the capital stock of the Corporation requesting that the Corporation redeem that number of Special shares stated in the Instrument on the date specified in the Instrument, which date shall be at least three days after the date the Instrument is delivered to the Corporation, the Corporation shall redeem the number of Special shares specified in the Instrument to be redeemed on payment for each share to be redeemed of an amount equal to \$1,000 per share (the "redemption price"). The Corporation shall, at least twenty-four (24) hours before the date specified for redemption, deliver to each person who at the date of delivery is a registered holder of Special shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Special shares; such notice shall be delivered to each such shareholder at his address as it appears on the books of the Corporation or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided, however, that accidental failure to give notice to one or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and, if part only of the shares held by the person to whom such notice is addressed is to be redeemed, the number thereof to be redeemed; on or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Special shares to be redeemed the redemption price on presentation and surrender at the principal office of the Corporation or any other place designated in such notice of the certificate or certificates representing the Special shares called for redemption; such Special shares shall thereupon be redeemed; if a part only of the Special shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation; from and after the date specified in any such notice, such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of stockholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Corporation shall have the right at any time after the delivery of notice of its intention to redeem any Special shares as aforesaid to deposit the redemption price of the Special shares so called for redemption or of such of the said shares as are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to an account in any national bank or any trust company in the United States of America named in such notice to be paid without interest to or to the order of the respective holders of such Special shares called for

redemption, upon presentation and surrender to such bank or trust company of the certificates representing the same and, upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Special shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

- (ii) At any time after August 31, 1990, a holder of Special shares shall be entitled to require the Corporation to redeem at any time or times, all or any part of the Special shares registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its principal office a share certificate representing the Special shares which the holder desires to have the Corporation redeem together with a request in writing specifying (i) that the registered holder desires to have the Special shares represented by such certificate redeemed by the Corporation and (ii) the business day (referred to as the "Redemption Date") on which the holder desires to have the Corporation redeem such shares. Requests in writing shall specify a Redemption Date which shall be not less than thirty (30) days after the day on which the request in writing is given to the Corporation. Upon receipt of a share certificate representing the Special shares which the holder desires to have the Corporation redeem together with such a request the Corporation shall on the Redemption Date redeem such Special shares by paying to such registered holder an amount equal to the redemption price. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in the United States of America. The said Special shares shall be redeemed on the Redemption Date and from and after the Redemption Date, such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of Special shares in respect thereof unless payment of the redemption price is not made on the Redemption Date, in which event the rights of the holders of the said shares shall remain unaffected.
- (b) The holders of the Special shares shall not be entitled to receive any dividends on the said Special Shares.
- (c) In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Special shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares, an amount per Special share equal to \$1,000 per share, and no more.
- (d) Holders of the Special shares shall be entitled to receive notice of and to attend and vote, together with the shares of common stock, at all meetings of the stockholders of the Corporation and shall have ten thousand (10,000) votes for each Special share held.

- (e) The Special shares shall not be transferable by any holder, except to the holder, from time to time, of all the issued and outstanding shares of common stock of the Corporation, unless prior to or contemporaneous with such transfer, the holder or holders of a majority of the issued and outstanding shares of common stock of the Corporation has or have, as the case may be, consented to such transfer by an instrument or instruments in writing signed by such holder or holders and any transfer or purported transfer without such consent shall be of no force and effect whatsoever and the transferee or purported transferee shall acquire no right whatsoever in such shares. The foregoing consent to any transfer shall not be unreasonably withheld by the common stockholders and in any event, shall be given if the holder wishing to transfer Special shares delivers to the Corporation an opinion of counsel to the effect that such transfer will not:
- (i) require any consent from the Federal Communications Commission;
 - (ii) require any approval or filing pursuant to the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976; and
 - (iii) require the consent or approval of any authority that has granted to the Corporation or any subsidiary thereof a franchise, licence, permit or other authority to operate a cable television system.
- (f) Any amendment to the certificate of incorporation of the Corporation to delete or vary any preference, right, condition, restriction, limitation, prohibition or powers attaching to the Special shares or to create additional shares of capital stock ranking prior to or on a parity with the Special shares with respect to dividends or distribution in liquidation, may only be authorized by at least 2/3 of the votes cast at a meeting of the holders of the Special shares duly called for that purpose, in addition to any other vote required by the Delaware General Corporation Law or required by the certificate of incorporation of the Corporation.
- (g) The Corporation shall pay any stock transfer taxes in connection with any redemption of Special shares.
- (h) The share certificates of the Corporation evidencing the Special shares shall bear a legend advising of the foregoing restrictions on transfer, such legend to be in form and content acceptable to the Corporation.

2. All matters or questions proposed for the consideration of the stockholders of the Corporation at any meeting of the stockholders of the Corporation shall be determined by the unanimous vote of the stockholders present in person or represented by proxy thereat; alternatively, any resolution of the stockholders of the Corporation may be passed by an instrument in writing signed by all of the stockholders of the Corporation.

3. A quorum for meetings of the stockholders of the Corporation shall be two persons or their proxy nominees present in person holding or representing by proxy 100% of the voting shares of the Corporation.

SCHEDULE 1.3

Capital Expenditure Budget

277

MAJOR PROJECTS

	California	San Antonio	Colorado	Minnesota	Portland	total	San Antonio
End & Make	26	108	57	30	34	327	Plant Forced Replacement 8287 - Civic Improvement Projects 0120
New Area (1)	0	242	10	0	0	252	- Pole Transfer/Change Out - 20
Forced Replacement	340	507	0	90	203	1,140	- Southern Improvement Project 60
Voluntary Replacement	112	428	0	0	0	600	- Other 7
Other Wiring (1)	0	30	0	0	0	30	See attached for other major projects.
Remaining Equipment	0	81	0	435	43	579	PORTLAND
Equipment	35	10	0	0	48	93	Other Equipment 948 - Boyden Island Interconnect, to provide local
Vehicle Equipment	38	274	2	20	134	647	Originator services to residents of Boyden Island.
Ice	195	642	94	120	165	1,036	Tools, Test & Vehicle Equipment 0110 - Two-way radio system - 041
Furniture & Equipment	31	30	0	50	209	320	Office Furniture & Equipment 0193 - New ACS Phone System - 0148
Other, Data Processing & Electronic Office Equipment	71	169	0	100	5	285	- Other Equipment 37
Other Improvements	39	50	0	60	41	190	Office Furniture & Equipment 0193 - Other Equipment 45
Other	224	10	10	141	10	411	MINNESOTA
Capital Expenditure	1,131	2,473	101	1,045	919	5,750	Programming Equipment 0150 - Existing equipment upgrade for Southeast 0150
							Programming Equipment 0203 - MIN Replacement cost 0 50
							- Advertising channel equipment 200
							- Other 35
							Computer, Data Processing and Electronic Office Equipment 000 - Auto dialer for
							Telemarketing.
							CALIFORNIA
							Plant Forced Replacement 0350 - 0095 cleanup Orange County

includes expenditures for new area that is unutilized and subscriber wiring now as these are covered in the per subscriber amounts. Balance of plant new area represents new expenditures for joint trench construction not energized at January 31, 1969. Balance of subscriber wiring represents cost of rewiring only.

SCHEDULE 3.1 - HOLDCO AND ITS SUBSIDIARIES

RCA Cablesystems Holding Co. ("RCACH")

1. Authorized Capital 1,000 Common, pv \$0.01
100 Series A Multiple Voting Preferred Shares pv \$.01
2. Issued Capital
 - Common
 - Series A Multiple Voting Preferred Shares
3. Registered and Beneficial Owner of Capital Stock Rogers U.S. Holdings Limited
4. Jurisdiction of Incorporation Delaware
5. State where qualified or licensed to carry on business Delaware

Rogers Cablesystems of America, Inc. ("RCA")

1. Authorized Capital 20,000,000 Common, pv \$.01
2. Issued Capital 18,318,648 Common
3. Registered and Beneficial Owner of Capital Stock 100% - 18,318,648 Common owned by RCACH
Note: Prior to cash merger of RCA on June 27, 1988, 35,939 Class A Common shares of RCA were issued to the public. Effective upon the merger, these Class A shares were converted into the right to receive \$22.50 in cash from RCA, subject to the exercise of appraisal rights under Delaware corporate law.
4. Jurisdiction of Incorporation or Organization Delaware
5. State where qualified or licensed to carry on business Delaware

Rogers U.S. Cablesystems, Inc. ("RUSCI")

1. Authorized Capital 5,000 Common voting, pv \$1.00
4,000 Series A Preferred, pv \$1,000, 15%
non-cumulative.
2. Issued Capital 3,117 Common voting
4,000 Series A Preferred
3. Registered and Beneficial Owner of Capital Stock 100% of Common and Series A preferred issued
to RCA
4. Jurisdiction of Incorporation Delaware
5. States where qualified or licensed to carry on business Delaware, California, Minnesota, Oregon

Rogers Cablesystems of the Southwest, Inc. ("RCTSI")

1. Authorized Capital 60,000 Common voting, pv \$1.00
3,000,000 Preferred, cumulative, non-voting, pv .01
2. Issued Capital 54,725 Common voting
2,250,000 Preferred cumulative, non-voting
3. Registered and Beneficial Owner of Capital Stock 100% of Common voting and Preferred, cum.
non-voting issued to RUSCI
4. Jurisdiction of Incorporation Minnesota
5. States where qualified or licensed to carry on business Minnesota, Texas, California, Oregon
6. Fictitious or trade names under which carries on business Rogers Cable TV
Rogers Cablesystems
Cablesystems El Monte

Rogers Cablesystems of West Texas, Inc.

1. Authorized Capital 100,000 Common, pv \$1.00
2. Issued Capital 86,000 Common
3. Registered and Beneficial Owner of Capital Stock 100% of Common issued to RUSCI
4. Jurisdiction of Incorporation Texas
5. State where qualified or licensed to carry on business Texas

Rogers Cablesystems of Alamogordo, Inc.

- | | |
|--|---|
| 1. Authorized Capital | 8,000 Class A Common, pv \$1.00
12,000 Class B Common, pv \$1.00 |
| 2. Issued Capital | 8,000 Class A Common |
| 3. Registered and Beneficial Owner of Capital Stock | 100% of Class A Common issued to RUSCI |
| 4. Jurisdiction of Incorporation | New Mexico |
| 5. States where qualified or licensed to carry on business | New Mexico, Texas |

Rogers Cablesystems of Multnomah, Inc. ("RCMUL")

- | | |
|---|--------------------------------|
| 1. Authorized Capital | 1,000 Common, npv |
| 2. Issued Capital | 10 Common |
| 3. Registered and Beneficial Owner of Capital Stock | 100% of Common issued to RUSCI |
| 4. Jurisdiction of Incorporation | Oregon |
| 5. State where qualified or licensed to carry on business | Oregon |

Rogers Multnomah Cablesystems Limited Partnership

- | | |
|---|--|
| 1. General Partner | RCMUL - 25% interest in Partnership (50% after breakeven) |
| 2. No. of Partnership Units Authorized for Issuance and Issued | 375 Limited Partnership Units Outstanding
75% interest in Partnership (50% after breakeven) |
| 3. No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | RCMUL holds 313.6 units or 62.7% of the Partnership plus 25% as General Partner
22 third party limited partners hold 61.416 units (12.3% or 8.2% after breakeven) |
| 4. Jurisdiction of Organization | Oregon |

Rogers Cablesystems of Minneapolis, Inc. ("RCMIN")

1. Authorized Capital 25,000 Common, pv \$1.00
2. Issued Capital 10 Common
3. Registered and Beneficial Owner of Capital Stock 100% of Common issued to RUSCI
4. Jurisdiction of Incorporation Minnesota
5. State where qualified or licensed to carry on business Minnesota

Rogers Cablesystems of Minneapolis Limited Partnership

1. General Partner RCMIN 12.5052% interest in the partnership (50% after break even)
2. No. of Partnership Units Authorized for Issuance and issued 348 2/3 Limited Partnership Units outstanding - 87.4948% interest (50% after break even)
3. No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party 316 1/3 Units (79.1163%) interest held by RCMIN; 30 third party limited partners hold 33.5 units or 8.3785%
4. Jurisdiction of Organization Minnesota

Rogers-Portland Cablesystems Limited Partnership

1. General Partner RCTSI 50% interest in Partnership
2. No. of Partnership Units Authorized for Issuance and Issued 498 Limited Partnership units outstanding (50% of partnership)
3. No of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party RCTSI holds 488 Units, 49% of the Partnership (99% total) Rogers Communications Inc. holds 10 units (1%) (to be transferred to a subsidiary of RCACH prior to closing)
4. Jurisdiction of Organization Oregon

Rogers Cablesystems of Minnesota Limited Partnership

- | | | |
|----|--|--|
| 1. | General Partner | RCTSI |
| 2. | No. of Partnership Units Authorized for Issuance and Issued | 1800 Partnership units outstanding (100%) |
| 3. | No. of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | RCTSI holds 1793.75 units (99.6528%);
RUSCI holds 6.25 units (.3472%) |
| 4. | Jurisdiction of Organization | Minnesota |

Dickinson Pacific Cablesystems

- | | | |
|----|--|---|
| 1. | General Partner | RCTSI and Rogers Cable T.V. Inc. (RCTVI) are the General Partners |
| 2. | % of Partnerships Authorized for Issuance and Issued | 100% |
| 3. | % of Partnership Units Owned Beneficially and of Record by each Subsidiary and any Third Party | |
| 4. | Jurisdiction of Organization | California |

Laredo Microwave Inc.

(Inactive)

- | | | |
|----|--|---------------------|
| 1. | Authorized Capital | 250 Shares pv \$100 |
| 2. | Issued Capital | 150 Shares |
| 3. | Registered and Beneficial Owner of Capital Stock | 100% owned by RUSCI |
| 4. | Jurisdiction of Incorporation | Texas |
| 5. | State where qualified or licensed to carry on business | Texas |

Rogers Cable TV, Inc.

1. Authorized Capital 1,000 Common, pv \$1.00
2. Issued Capital 1,000 Common
3. Registered and Beneficial Owner of Capital Stock 100% owned by RUSCI
4. Jurisdiction of Incorporation Delaware
5. State where qualified or licensed to carry on business Delaware

Rogers Funding Corp.

1. Authorized Capital 100 Common shares, pv \$1.00
2. Issued Capital 100 Common
3. Registered and Beneficial Owner of Capital Stock Rogers Cablesystems of the Southwest, Inc.
4. Jurisdiction of Incorporation Delaware

SCHEDULE 3.8
PENSION PLANS

3.8 (i) The Seller currently maintains in the United States a defined benefit retirement plan and has maintained in the United States a defined contribution plan.

The defined contribution plan, referred to as the Rogers Cablesystems of America Retirement Plan (hereinafter the "Retirement Plan") has been terminated, and it is anticipated that benefits will be distributed to all participants and beneficiaries by the Investment Date. The plan number is 101.

The Seller currently maintains a defined benefit retirement plan in the United States, referred to as The Pension Plan For Rogers U.S. Cablesystems, Inc. and Associated and Affiliated Companies (hereinafter the "Pension Plan"). The plan number is 001.

3.8 (ii) The Seller has not yet been able to find a determination letter for the Retirement Plan, although the Seller believes that the Retirement Plan has received a favourable determination letter from the IRS with respect to its status under Section 401 of the Internal Revenue Code. The Retirement Plan may have been amended late for TEFRA, DEFRA, and REA. However, even if this were so, no employer contributions were made during the affected years. The Seller believes the Retirement Plan to have been qualified upon termination.

3.8 (iii) A technical accumulated funding deficiency may have resulted in 1985 under the Pension Plan due to a late payment by the Syracuse affiliate. Currently there is not an accumulated funding deficiency.

3.8 (iv) Nil.

3.8 (v) Nil.

3.8 (vi) (x) - contracts each dated May 17, 1988, between Rogers Cablesystems of the Southwest Inc. and each of David Edwards, Wayne Gamblin, Cliff Williams, Adam Haas and Michael Schenker and the contracts with the following individuals:

Minnesota and Oregon Systems

Tony Werner
Sallie Fischer
Debra Cottone
Lonnie McNamara
Scott Ekes
Dennis Quail
Joan Feyen
Joan Renie
John Rivenburgh

California System

Linda Moulton
Barry Moore
Dick Vanden Bosch
Ray Edwards

Texas System

Missy Goerner
Gene Shatlock
Stan Johnston
Rick Palmer
Brenda Regur

(y) - Nil.

- (z) (1) Rogers Cablesystems of America, Inc. Medical Benefits Plan (Plan Number 501).
- (2) Rogers U.S. Cablesystems, Inc. Medical Benefits Plan (Plan Number 502).
- (3) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Medical Benefits Plan (Plan Number 503).
- (4) Rogers Cablesystems of America, Inc. Dental Benefits Plan (Plan Number 511).
- (5) Rogers U.S. Cablesystems Inc. Dental Benefits Plan (Plan Number 512).
- (6) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Dental Benefits Plan (Plan Number 513).
- (7) Rogers Cablesystems of America, Inc. Group Life Insurance Plan and the Rogers Cablesystems of America, Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 521); (Plan Number of the Accidental Death and Dismemberment Plan is 531).
- (8) Rogers U.S. Cablesystems, Inc. Group Life Insurance Plan and the Rogers U.S. Cablesystems Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 522); (Plan Number of the Accidental Death and Dismemberment Plan is 532).
- (9) Rogers U.S. Cablesystems, Inc. (Oregon and Multnomah) Group Life Insurance Plan and the Rogers U.S. Cablesystems, Inc. Accidental Death and Dismemberment Plan. (Plan Number of the Group Life Insurance Plan is 523); (Plan Number of the Accidental Death and Dismemberment Plan is 532).
- (10) Rogers Cablesystems of America, Inc. Weekly Income Insurance Plan and the Rogers Cablesystems of America, Inc. Long-Term Disability Plan. (Plan Number of the Weekly Income Insurance Plan is 541); (Plan Number of the Long-Term Disability Plan is 551).

(11) Rogers U.S. Cablesystems, Inc. Long-Term Disability Plan
(Plan Number 552).

List of Radio & TV Licenses

I. Two Way Stations

<u>Call Sign</u>	<u>Location</u>	<u>Expiration Date</u>
E6737	Minneapolis, MN	11-30-96
E5969	Minneapolis, MN	07-15-93
E3327	Esch Prairie, MN	08-28-92
E5629	Portland, OR	03-20-92
E860210	Garden Grove, CA	03-21-96
E3585	Huntington Beach, CA	10-09-91
E3588	Reservoir, CA	11-13-91
KB67	Laredo, TX	02-13-92
KL72	San Antonio, TX	11-20-91
KA959	San Antonio, TX	11-05-92

II. Cable Networks

WHZ238	Minneapolis, MN	07-01-97
WHZ246	Minneapolis, MN	07-01-97
WIX602	Huntington Beach, CA	02-01-89
WIX604	Lakeland, CA	02-01-89
WIV510	Downey, CA	02-01-89
WIZ469	Garden Grove, CA	02-01-89
WDP498	Laredo, TX	08-01-89
WAJ381	San Antonio, TX	12-01-88
WAJ604	San Antonio, TX	02-01-90
WAJ408	San Pedro, TX	03-01-90
WAJ609	Sumo, TX	05-01-90
WAJ441	Thornwood, TX	05-01-90
WBT282	Palo Alto, TX	05-01-90
WAV639	Gonzales, TX	05-01-90
WAV640	Tarasco, TX	05-01-90
WAX984	San Antonio, TX	05-01-90

III. Business Radio

KNCB227	Portland, OR	06-08-92
KAG4346	Garden Grove, CA	09-10-91
KB49672	Garden Grove, CA	09-10-91
WHFZ549	San Angelo, TX	05-22-91

W. J. ...

SCHEDULE 7.5
BONDS, LETTERS OF CREDIT
and SECURITY DEPOSITS

127
File

LIST OF SALES CONTRACTS MADE BY JAMES M. DEAN, JR., D.D., JAMES M. DEAN, JR., D.D., JAMES M. DEAN, JR., D.D.

<u>SALES CONTRACT</u>	<u>DATE</u>	<u>BUYER</u>	<u>PRICE</u>	<u>TERMS</u>	<u>STATE</u>
First Interstate Bank of California	1-4-1920	United Artists Cablestems Corporation	US \$1,000,116.43	Sale Harbor 1/5	San Antonio (old... lease inv.)
First Interstate Bank of California	1-4-1920	Armed Corporation	US \$3,735,030	Sale Harbor 1/5	San Antonio (old... lease inv.)
The Toronto-Bankton Bank San Francisco Agency	3-8-1917	Armed Corporation	US \$2,255,000	Sale Harbor 1/5	Pickman Pacific Cablestems
The Toronto-Bankton Bank Atlanta Agency	6-1	Southwestern Bell Telephone Co.	US \$ 340,000	To support obligations under a License Agreement	San Antonio (old... lease inv.)
The Toronto-Bankton Bank Atlanta Agency	6-1	Southwestern Bell Telephone Co.	US \$ 75,000	To support obligations under a License Agreement	Texas
City National Bank of Texas	12-7	City of Texas	US \$ 20,000	To support franchise obligations	Texas
The Toronto-Bankton Bank San Francisco Agency	8-18-1900	The County of Orange	US \$ 80,000	To support franchise obligations	California
The Toronto-Bankton Bank San Francisco Agency	8-18-1900	City of Los Angeles	US \$ 25,000	To support franchise obligations	California

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<u>ISSUER</u>	<u>MUNICIPALITY</u>	<u>L.I.C. NO.</u>	<u>AMOUNT</u>	<u>PURPOSE</u>	<u>ISSUE OR</u>
The Toronto-Dominion Bank San Francisco Agency	City of Garden Grove	0348/1039	US \$ 100,000	To support franchise obligations	California
The Toronto-Dominion Bank San Francisco	The Cable Regulatory Commission of the Cities of Groebem, Fairview Ironton, Wood Village and Multnomah County	0348/1034	US \$ 100,000	To support franchise obligations	Multnomah
The Toronto-Dominion Bank Atlanta Agency	City of Edina	746	US \$ 30,000	To support franchise obligations	Segura Cable systems of Minnesota limited Partnership
The Toronto-Dominion Bank Atlanta Agency	City of Eden Prairie	750	US \$ 30,000	To support franchise obligations	Segura Cable systems of Minnesota limited Partnership
The Toronto-Dominion Bank Atlanta Agency	City of Hopkins	740	US \$ 30,000	To support franchise obligations	Segura Cable systems of Minnesota limited Partnership
The Toronto-Dominion Bank Atlanta Agency	City of Minneapolis	748	US \$ 30,000	To support franchise obligations	Segura Cable systems of Minnesota limited Partnership
The Toronto-Dominion Bank Atlanta Agency	City of Stillfield	747	US \$ 30,000	To support franchise obligations	Segura Cable systems of Minnesota limited Partnership

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 issue on
 REMAKE

<u>ISSUER</u>	<u>INSURABLE</u>	<u>A.C.R.N.</u>	<u>AMOUNT</u>	<u>PURPOSE</u>	<u>REMARKS</u>
The Toronto-Dominion Bank Atlantic Agency	Federal Insurance Company	737	US \$ 2,000,000	To support performance bonds	Supers Cable- systems of Minnesota Limited Partnership
The Toronto-Dominion Bank Chicago Branch	Federal Insurance Company	0031	US \$ 2,100,000	To support performance bonds	Supers Cable- systems of Minnesota Limited Partnership
The Toronto-Dominion Bank Chicago Branch	Federal Insurance Company	0032	US \$ 2,100,000	To support performance bonds	Supers Cable- systems of Minnesota Limited Partnership
Northwestern National Bank of Minneapolis	City of Minneapolis	00 1278	US \$ 200,000	To support franchise obligations	Supers Cable- systems of Minnesota Limited Partnership
The Toronto-Dominion Bank Atlantic Agency	City of San Antonio Public Works	738	US \$ 600,000	To support obligation to make payments for downstream construction to key cable.	Supers Cable- systems of the Southwest, Inc. (San Antonio Division)

FINISHED

Texas System

The bonds described below are currently in force

<u>Bond Number</u>	<u>Issuer</u>	<u>In favor of</u>	<u>Amount</u>	<u>Payment Date</u>
81814600	Federal	City of Winkcross	250,000.	Feb. 01, 191
809733108	Federal	City of Live Oak	50,000.	Aug. 31, 191
809733106	Federal	City of Cibola	50,000.	Aug. 31, 191
809733109	Federal	City of Selma	50,000.	Aug. 31, 198
809733108	Federal	City of Universal City	50,000.	Aug. 31, 198
809733107	Federal	City of Commerce	50,000.	Aug. 31, 198
809733108	Federal	City of Sabots	50,000.	Aug. 31, "
809733148	Federal	Southern Bell Telephone Co.	5,000.	Aug. 31, 198
809733148	Federal	City of San Antonio	25,000.	Aug. 31, 198
809733108	Federal	Sear County	50,000.	Aug. 31, 198
81049679	Federal	Southern Bell Telephone Co.	50,000.	Nov. 1, 1988

NOTE: ALL THESE BONDS ARE IN U.S. REGISTER.

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TEXAS SYST

The bonds described below are currently in force:

<u>Card</u> <u>Number</u>	<u>Issuer</u>	<u>In Force of</u>	<u>Amount</u>	<u>Original</u> <u>Expiry</u>
80984287	Federal	Southwestern Bell Telephone Co.	\$5,000.	Aug. 31.
83082646	Federal	Central Power & Light	\$,000.	Feb. 10.

NOTE: THIS FOUNT IS IN U.S. DOLLARS.

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MINNESOTA SYST.

The Bonds described below are currently in force:

<u>Bond</u>	<u>Issuer</u>	<u>To Name of</u>	<u>Amount</u>	<u>Expiration</u>
80624724	Federal	Northern States Power Co.	\$5,000.	Feb. 18, 1989
80624733	Federal	Northern Bell Telephone	\$5,000.	Feb. 18, 1989
81104819	Federal	State of Minnesota	\$,000.	July 1, 1988

NOTE: ALL THESE BONDS ARE IN W. T. POLIARD.

W. T. Poliard
1/3/88

OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Premium</u> <u>Expirations</u>
6092672	Federal	Northwestern Bell Telephone	\$ 25,000.	March 1, 1960
6092267	Federal	City of Minneapolis	2,100,000	Oct. 21, 1960
61164816	Federal	State of Minnesota	5,000.	July 31, 1965

NOTE: ALL INTEREST PAID IN U.S. DOLLARS.

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OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond Number</u>	<u>Issuance</u>	<u>In Force of</u>	<u>Amount</u>	<u>Premium Amortization</u>
80903342	Federal	Clellan County	810,000.	Sept. 16, 19
81034034	Federal	Pacific Power & Light Company	25,000.	Oct. 16, 19
81034035	Federal	General Telephone of the U. S. Inc.	3,000.	Oct. 12, 19

NOTE: THIS BOND IS IN U.S. DOLLARS.

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OREGON SYSTEM

The bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Force of</u>	<u>Amount</u>	<u>Premium</u> <u>Expiration</u>
81816778	Federal	City of Portland	\$100,000.	May 4, 1968
80426778	Federal	Pacific Power & Light Company	10,000.	Mar. 31, 1969
80426926	Federal	Oregon State Highway Commission	2,000.	Aug. 6, 1968
80426927	Federal	Oregon State Highway Commission	2,000.	Aug. 6, 1968
80964748 *	Federal	Pacific Northwest Bell Telephone	24,000.	Sept. 2, 1968
80978617 *	Federal	Pacific Power & Light Company	2,000.	July 19, 1968

NOTE: ALL THESE BONDS ARE IN U.S. DOLLARS.

L.H.

CALIFORNIA SYSTEM

The Bonds described below are currently in force:

<u>Bond</u> <u>Number</u>	<u>Issuer</u>	<u>In Force of</u>	<u>Amount</u>	<u>Issue</u> <u>Anticipation</u>
80904748	Federal	County of Orange	50,000.	Nov 14, 1968
80823409	Federal	General Telephone	35,000.	Aug. 13, 1968
80824933	Federal	County of Orange	10,000.	Aug. 13, 1968
80823366	Federal	General Telephone	10,000.	Jan. 20, 1969
80824960	Federal	City of Santa Rosa	50,000.	Aug. 26, 1968
80824732	Federal	Pacific Telephone	20,000.	Feb. 18, 1969
80904781	Federal	General Telephone	67,000.	Sept. 9, 1968
80904782	Federal	General Telephone	15,000.	Apr. 6, 1969
81106866	Federal	County of Orange	10,000.	Aug 21, 1968

NOTE: ALL THESE BONDS ARE IN U.S. CURRENCY

L.C.B.

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CALIFORNIA SYSTEM

The bonds described are currently in force:

<u>Bond</u> <u>Number</u>	<u>Insurance</u>	<u>In Favor of</u>	<u>Amount</u>	<u>Premium</u> <u>Amortization</u>
8082434	Federal	General Telephone	342,000.	Jan. 14, 1967
8082442	Federal	General Telephone	10,000.	Apr. 1, 1968
8082476	Federal	General Telephone	21,000.	June 30, 1968
8082479	Federal	General Telephone	15,000.	June 30, 1968
8082483	Federal	Pacific Telephone	20,000.	June 4, 1968
8082484	Federal	Pacific Telephone	20,000.	June 4, 1968
8082488	Federal	Pacific Telephone	20,000.	June 16, 1968
8082481	Federal	County of Orange	10,000.	June 16, 1968
8082499	Federal	General Telephone	1,500.	Aug. 19, 1968

NOTE: ALL THESE BONDS ARE IN U.S. HELD

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SCHEDULE 8.6

STOCKHOLDERS' AGREEMENT

MEMORANDUM OF AGREEMENT made as of the _____ day of _____, 1988.

ROGERS U.S. HOLDINGS LIMITED,
a corporation incorporated under the laws of Canada,
(hereinafter referred to as "Rogers"),

OF THE FIRST PART,

- and -

KBL CABLE, INC.,
a corporation incorporated under the laws of
the State of Texas
(hereinafter referred to as the "Investor"),

OF THE SECOND PART,

(The parties of the First and Second Parts
are sometimes hereinafter individually
referred to as a "Stockholder" and collectively
referred to as the "Stockholders".)

- and -

RCA CABLESYSTEMS HOLDING CO.,
a corporation incorporated under the laws of
the State of Delaware,
(hereinafter referred to as the "Corporation"),

OF THE THIRD PART.

WHEREAS Rogers represents and warrants that it is the registered and beneficial owner of all of the issued and outstanding Series A Multiple Voting Preferred stock in the capital stock of the Corporation;

AND WHEREAS the Investor represents and warrants that it is the registered and beneficial owner of all of the issued and outstanding common shares in the capital stock of the Corporation;

AND WHEREAS the corporations described in Schedule A hereto (collectively the "Subsidiaries") are direct and indirect wholly-owned subsidiaries of the Corporation;

AND WHEREAS the Stockholders wish to establish and define their respective rights and obligations in respect of the manner in which the Corporation and the Subsidiaries shall hereafter carry on their respective businesses and in respect of the other matters hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the respective covenants and agreements hereinafter contained it is hereby agreed by, between and among the parties hereto as follows:

1. Organization of the Corporation and the Subsidiaries

1.1 Directors. Each of the Stockholders shall vote or cause to be voted the shares of the Corporation now or at any time beneficially owned or controlled by it and exercise its influence so that at all times:

- (a) the boards of directors of the Corporation and each of the Subsidiaries shall consist of 5 directors and Rogers shall be entitled to have 3 nominees elected to the board of directors of the Corporation and each of the Subsidiaries and the Investor shall be entitled to have 2 nominees elected to the boards of directors of the Corporation and each of the Subsidiaries;
- (b) a nominee of Rogers shall be the Chairman of any and all meetings of the board of directors of the Corporation and any Subsidiary; and
- (c) vacancies on the boards of directors of the Corporation and the Subsidiaries shall be filled by a resolution of the Stockholders and in so doing the Stockholders shall act in accordance with this paragraph 1.1.

1.2 Voting Majorities for Directors' Decisions. Each of the Stockholders shall vote or cause to be voted the shares of the Corporation beneficially owned or controlled by it and exercise its influence so that at all times the by-laws of the Corporation and each of the Subsidiaries shall provide that:

- (a) except as provided in subparagraph 1.2(b), all matters or questions proposed for the consideration of the directors at a meeting of the directors shall be determined by a majority of the votes cast provided that in the case of an equality of votes on any question the Chairman of the meeting shall not have a second or casting vote, or by an instrument in writing signed by all of the directors including by counterparts;
- (b) any matters or questions proposed for the consideration of the directors at a meeting of the board of directors of the Corporation or any of the Subsidiaries relating to:
 - (i) the amendment of the articles of the Corporation or any Subsidiary or the merger of the Corporation or any Subsidiary with one or more other corporations;

- (ii) except as provided in paragraph 1.13 with respect to the redemption of the Series A Multiple Voting Preferred stock of the Corporation, the conversion, reclassification, redemption, subdivision, consolidation or other change of the shares of the Corporation;
- (iii) the sale, lease, exchange or disposition by the Corporation or any Subsidiary of all, substantially all or a material portion of its property;
- (iv) a proposed capital expenditure or an expenditure out of the ordinary course of business by the Corporation or any Subsidiary in excess of \$;
- (v) the issue of additional shares of any class or of any warrants, options, or other rights to acquire shares of the Corporation or any Subsidiary;
- (vi) the increase or decrease in the number of directors of the Corporation or any Subsidiary;
- (vii) the borrowing by the Corporation or any Subsidiary of amounts greater than \$;
- (viii) the commencement by the Corporation or any Subsidiary of any action, suit or proceeding or the adjustment, settlement or compromise of any claim, obligation, debt, demand, suit or judgment against the Corporation or any Subsidiary involving amounts greater than \$, other than any action, suit or proceeding with respect to which Rogers has agreed to indemnify the Investor;
- (ix) the entering into of any contracts out of the ordinary course of business or with Rogers or its nominees or any person, firm or corporation in which Rogers has an interest or with which Rogers does not deal at arm's length;
- (x) the amendment or change in any material respect of any existing licence, lease, contract, franchise or other document of the Corporation or any Subsidiary other than in the ordinary course of business, other than the amendment of any franchise, the sole effect of which is to release Rogers Communications Inc. from any guarantee thereunder;
- (xi) the payment of any salaries, fees, commissions or other remuneration to Rogers or its nominees or any person, firm or corporation with which Rogers has an interest or, with which Rogers does not deal at arm's length;
- (xii) any action of the directors which requires confirmation by the stockholders of the Corporation or any Subsidiary; and

- (xiii) any material change in the business or operations of the Corporation or any Subsidiary;

shall require the unanimous approval of the directors of the Corporation expressed by a resolution passed at a duly constituted meeting or by an instrument in writing signed by all the directors including by counterparts.

1.3 Quorum for Stockholders' Meeting. A quorum for meetings of stockholders of the Corporation shall be the two Stockholders or their proxy nominees present in person. Each Stockholder shall use its best efforts to be in attendance at any duly called stockholders' meeting of the Corporation.

1.4 Voting Majorities for Stockholders' Decisions. All matters or questions proposed for the consideration of the Stockholders of the Corporation at any meeting of the stockholders of the Corporation shall be determined by the unanimous vote of the stockholders present in person or represented by proxy thereat; alternatively, any resolution of the Stockholders of the Corporation may be passed by an instrument in writing signed by all the Stockholders provided, however, that any action required by the Stockholders in connection with the redemption of the Series A Multiple Voting Preferred Stock of the Corporation shall be taken solely by the holders of the common shares in the capital stock of the Corporation.

1.5 Number and Place of Directors' Meetings. A minimum of 4 meetings of the board of directors of the Corporation shall be held in each fiscal year of the Corporation. Meetings of the board may be held at any place within or outside the State of Delaware.

1.6 Notice and Quorum of Directors' Meetings. A minimum of 72 hours notice shall be required for meetings of the board of directors of the Corporation. Directors' meetings may be called by the President or any director. The notice calling a meeting of the board of directors of the Corporation shall specify in reasonable detail the business to be transacted thereat. A quorum for meetings of the board of directors of the Corporation shall be 4 directors present in person or by conference telephone whereby each director at the meeting may simultaneously hear and communicate with all other directors at the meeting.

1.7 Place of Stockholders' Meeting. Meetings of stockholders may be held at any place within or outside the State of Delaware.

1.8 Fiscal Year End. The fiscal year end of the Corporation and each of the Subsidiaries shall be •.

1.9 Auditors. Until their successors are appointed, the auditors of the Corporation and each of the Subsidiaries shall be • Certified Public Accountants.

1.10 Bankers. Until their successors are appointed, the bankers of the Corporation and each of the Subsidiaries shall be •.

1.11 By-Laws. The Stockholders covenant and agree that in their capacity as stockholders of the Corporation they will take all steps necessary or desirable to ensure that the certificate of incorporation of the Corporation and the by-laws of the Corporation and each Subsidiary are amended to be in conformity with this Agreement.

1.12 Books of Account. Proper books of account shall be kept by the Corporation and each of the Subsidiaries and entries shall be made therein of all matters, terms and transactions and things as are usually written and entered into books of account kept by a corporation of a similar nature and each Stockholder shall have free access at all reasonable times to inspect, examine or copy them, at its own expense, and the Corporation shall at all times furnish to the Stockholders correct information, accounts and statements of and concerning all such transactions without any concealment or suppression.

1.13 Dividend Policy and Redemption of Preferred Stock. Dividends may only be declared and paid as approved by the nominees of the Investor elected to the board of directors. Any action required by the board of directors of the Corporation in connection with the redemption of the Series A Multiple Voting Preferred Stock of the Corporation shall be taken solely by the nominees of the Investor elected to this board of directors.

1.14 Effect of Agreement. Each of the Stockholders shall vote or cause to be voted the shares owned by it in such a way so as to fully implement the terms and conditions of this Agreement and shall, if any director for any reason refuses to exercise his discretion in accordance with the terms of this Agreement, forthwith take such steps as are necessary to remove and replace such director.

2. Right to Audit.

2.1 Right to Audit. Either Stockholder shall have the right at any time upon two business days notice to the Corporation to have any of its agents or employees attend at the head office of the Corporation or any Subsidiary during normal business hours to perform an audit or inspection of the books and records of the Corporation or such Subsidiary. The cost of such audit or inspection shall be borne by the party requesting the audit.

2.2 Access. The Corporation agrees to permit any of the agents or employees of the Stockholders as the case may be, to enter the head office of the Corporation or any Subsidiary during normal business hours for the purpose of performing the inspection or audit referred to in paragraph 2.1 and agrees to assist them in any audit or inspection so undertaken.

3. Pledge of Shares.

If requested by the Investor, Rogers shall pledge the shares in the capital of the Corporation to any financial institution requested by the Investor, provided that such financial institution's sole and exclusive remedy and recourse against Rogers arising out of or in connection with such pledge and any other obligations assumed by Rogers pursuant to such pledge shall be to realize on the security constituted by such shares. The terms of any such pledge shall otherwise be acceptable to Rogers, acting reasonably.

4. Non-Use of Name.

As soon as possible after the termination of this Agreement, and in any event within six months after the termination of this Agreement, the Investor shall cause the Corporation and each of the Subsidiaries to cease to use in the operation of their respective businesses the name "Rogers Cablesystems" or any part thereof and any trade marks or logos not exclusively owned by the Corporation or any Subsidiary, and will, as soon as possible after the termination of this Agreement and in any event within six

months after the termination of this Agreement, repaint any vehicles or change any signs containing such names and, within such time period, the Investor shall cause the corporate name of the Corporation and each Subsidiary to be changed to a name in which the word "Rogers" does not form a part. For greater certainty any right, title or interest of Holdco or any Subsidiary, or other entity controlled or managed by Holdco or any Subsidiary, in any of the foregoing names, logos or trade marks shall cease within six months after the termination of this Agreement.

5. General.

5.1 Changes to Shares. The provisions of this Agreement relating to shares of the Corporation shall apply mutatis mutandis to any shares or securities into which such shares may be converted, changed, reclassified, redivided, redesignated, redeemed, subdivided or consolidated, to any shares or securities that are received by the Stockholders as a stock dividend or distribution payable in shares or securities of the Corporation and to any shares or securities of the Corporation or of any successor or continuing company of corporation to the Corporation that may be received by the parties hereto on a reorganization, consolidation or merger, statutory or otherwise.

5.2 Notice. Any notice, request or other communication required or permitted to be given to any party hereto shall be validly given if delivered personally or if mailed, by prepaid registered mail, return receipt requested to that party at the following address:

Rogers U.S. Holdings Limited
Suite 2600, P.O. Box 249
Commercial Union Tower
Toronto-Dominion Centre
Toronto, Ontario
MSK 1J5

Attention: Senior Vice-President, Investments

with a courtesy copy to: Messrs. Lang Michener Lash Johnston
P.O. Box 10, Suite 700
1 First Canadian Place
100 King Street West
Toronto, Ontario
MSX 1A2

Attention: A. Gnat, Q.C.

KBL Cable, Inc.
c/o Houston Industries Incorporated
4300 Post Oak Parkway
5 Post Oak Park
Houston, Texas 77027

Attention: William A. Cropper

with a courtesy copy to: Baker & Botts
3000 One Shell Plaza
910 Louisiana Street
Houston, Texas 77002

Attention: William G. Woodford

RCA Cable systems Holding Co.
at its head office

Any such notice or other document delivered personally shall be deemed to have been received by and given to the party to whom it is addressed on the date of delivery or in the case of a notice sent by mail on the day actually received. Any party may at any time give notice to the other party of any change of address in accordance with the foregoing. Failure to deliver courtesy copies of any notice, request or other communication shall not by itself affect the validity of such notice, request or other communication.

5.3 Time of the Essence. Time shall be of the essence of this Agreement.

5.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter contained herein. Any other agreement with respect to the subject matter contained herein (expressed or implied) between either of the parties is hereby terminated without prejudice to any actions heretofore taken thereunder. Other than as set out in this Agreement there are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties with respect to the subject matter contained herein and this Agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

5.5 Governing Law. THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE PARTIES HERETO HEREBY IRREVOCABLY ATTORN TO THE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE. For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the said State and the courts of the said State shall have non-exclusive jurisdiction to entertain any action arising under this Agreement.

5.6 Termination. This Agreement shall automatically terminate upon the first to occur of either Rogers (including a permitted assignee) or the Investor, as the case may be, ceasing to be a Stockholder or on the tenth anniversary of the date hereof.

5.7 Headings. The headings used in this Agreement are for convenience only and neither limit nor amplify the meaning of the provisions contained herein.

5.8 Schedule. The Schedule referred to in this Agreement is incorporated by reference herein and is deemed to form a part hereof.

5.9 Severability. Any provision or provisions of this Agreement which in any way contravene the laws of the State of Delaware shall, to the extent of such contravention of law, be deemed severable and shall not affect the other provisions of this Agreement.

5.10 Currency. All monetary amounts referred to herein are in lawful currency of the United States of America.

5.11 Counterparts. This Agreement may be executed in several counterparts each of which when executed by any party hereto shall be deemed to be an original and such counterparts shall together constitute one and the same instrument.

5.12 Waiver. No waiver of any term or provision of this Agreement shall be effective unless made in writing, and the waiver by a party of a default or breach of any such terms or provisions by any other party shall not operate or be construed as a waiver of any prior or subsequent default of such term or provision, or as a waiver with respect to any other term or provision hereof whether or not similar.

5.13 Further Assurances. Each of the parties shall execute and deliver such further documents, proxies, powers of attorney, instruments and assurances as may be necessary and desirable to carry out the intent of this Agreement.

5.14 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns but, except as permitted herein, shall not be assignable by a Stockholder without the prior written consent of the other Stockholder which shall not be unreasonably withheld provided however that (i) Rogers shall be entitled to assign its rights and obligations hereunder to any person who acquires the shares owned by Rogers in accordance with the articles of the Corporation provided that such assignee shall execute and deliver a counterpart to this Agreement whereupon Rogers shall be released from all obligations hereunder, (ii) the Investor may assign this Agreement and its rights and obligations hereunder so long as such assignment does not require the applications referred to in Sections 7.2 and 7.6 of the Purchase Agreement to be amended or refiled provided such assignee shall execute and deliver a counterpart of this Agreement whereupon the Investor shall be released from all obligations hereunder.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

ROGERS U.S. HOLDINGS LIMITED

By: _____

By: _____

KBL CABLE, INC.

By: _____

RCA CABLESYSTEMS HOLDING CO.

By: _____

By: _____

ARTICLE VIII

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

PART I - CONDITIONS PRECEDENT TO THE INVESTMENT DATE

The obligation of Buyer to purchase the Common Shares on the Investment Date are subject to the fulfillment in all material respects (or waiver in whole or in part by Buyer in writing) on or before the Investment Date (except as otherwise provided below) of each of the following conditions:

8.1 Guaranty of Seller's Obligations. Seller shall have delivered to Buyer, contemporaneously with the execution and delivery of this Agreement, a duly executed guarantee of Rogers CableSystems Inc. in the form attached to this Agreement.

8.2 Compliance with Agreement. Seller shall have complied with its obligations in Article V and its other covenants hereunder in all material respects.

8.3 Correctness of Representations and Warranties. The representations and warranties of Seller contained in this Agreement are true on the date hereof and on the Investment Date except for changes permitted by this Agreement and Seller shall have delivered a certificate addressed to Buyer to such effect.

8.4 Litigation. On the Investment Date, there shall be no effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein.

8.5 Termination of Management Agreements. All management agreements (if any) between Holdco or any Affiliate, on the one hand, and Seller or any person related to Seller, on the other hand, shall be terminated at the Investment Date.

8.6 Stockholders' Agreement. Seller shall have executed and delivered the Stockholders' Agreement attached hereto as Schedule 8.6 - Stockholders' Agreement.

8.7 Approval of Directors. The Board of Directors of HII shall have ratified execution and delivery of the guarantee agreement delivered pursuant to Section 9.1 within five (5) business days after both parties shall have executed this Agreement.

If any of the conditions in favour of Buyer to be fulfilled on or prior to the Investment Date shall not have been fulfilled on or prior to the Investment Date (provided that the non-fulfilment of the condition for which Buyer seeks to terminate was not caused by Buyer's default hereunder), Buyer may terminate this Agreement by notice in writing to Seller and, in such event, Buyer shall be released from all obligations hereunder without prejudice to any rights it may have against Seller, provided, however, that Buyer, in its sole and unfettered discretion shall be entitled to waive compliance with any of such conditions in whole or in part, if it sees fit to do so without prejudice to any of its rights of termination in the event of non-performance of any other condition, in whole or in part. Notwithstanding the foregoing, if the condition set forth in Section 8.7 shall not have been satisfied within the five (5) day period specified, Buyer may terminate this Agreement and neither Buyer nor HII shall have any further liability or obligations under this Agreement or the guarantee agreement delivered pursuant to Section 9.1 or otherwise with respect to the transaction contemplated hereby.

PART II - CONDITIONS PRECEDENT TO CLOSING

The obligation of Buyer to purchase the Multiple Voting Shares is subject to the receipt of all consents, authorizations and approvals under the Approval Franchises unless waived by Buyer in writing but in any event Buyer must complete the purchase of the Multiple Voting Shares by August 31, 1990.

ARTICLE IX

CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The obligations of Seller to sell the Common Shares on the Investment Date are subject to fulfilment in all material respects (or waiver in whole or in part by Seller in writing) on or before the Investment Date (except as otherwise provided below) of each of the following conditions:

9.1 Guaranty of Buyer's Obligations. Buyer shall have delivered to Seller, contemporaneously with the execution and delivery of this Agreement, a duly executed guarantee of HII ("Buyer's Guarantors") in the form attached to this Agreement.

9.2 Compliance with Agreement. Buyer shall have complied with its obligations under this Agreement in all material respects.

9.3 Correctness of Representations and Warranties. The representations and warranties of Buyer contained in this Agreement are true on the date hereof and on the Investment Date except for changes permitted by this Agreement and Buyer shall have delivered a certificate addressed to Seller to such effect.

9.4 Litigation. On the Investment Date, there shall be no effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein.

9.5 Approval of Seller's Directors. The board of directors of Seller shall have approved the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby within five (5) business days of the date of execution of this Agreement.

In case any of the conditions in favour of Seller to be fulfilled at or prior to the Investment Date shall not have been fulfilled at or prior to the Investment Date (provided that the non-fulfilment of the conditions for which Seller seeks to terminate this Agreement was not caused by the default of Seller hereunder), Seller may terminate this Agreement by notice in writing to Buyer, and, in such event, Seller shall be released from all obligations hereunder, without prejudice to any rights it may have against Buyer, provided, however, that Seller, in its sole and unfettered

discretion shall be entitled to waive compliance with any of such conditions, in whole or in part, if it sees fit to do so without prejudice to any of its rights of termination in the event of non-performance or any other conditions, in whole or in part.

ARTICLE X

MUTUAL CONDITIONS PRECEDENT TO BUYER'S AND SELLER'S OBLIGATIONS

The obligations of Seller to sell the Common Shares on the Investment Date and Buyer to purchase the Common Shares on the Investment Date are subject to fulfilment in all material respects (or waiver in whole or in part by Seller and Buyer jointly in writing) on or before February 28, 1989 of each of the following conditions which are for the mutual benefit of both Seller and Buyer:

10.1 Hart-Scott Approval. The expiration of the applicable waiting period under the Hart-Scott Act and the regulations thereunder.

10.2 FCC Approval. The receipt of Buyer and Seller of final written approval of the FCC to the sale of all of the issued and outstanding capital stock of Holdco. Final approval, as used herein, shall occur when the appeal periods for any such approval have expired without any appeal having been taken.

10.3 Franchise Approval. All consents, approvals and authorizations (none of which shall impose any obligation on Seller) to the purchase and sale of the Purchased Shares shall have been obtained under the Approval Franchises on the basis contemplated by Section 7.2 so that the sum of:

- (i) the number of basic subscribers that are regulated by the Other Franchises; and
- (ii) the number of basic subscribers that are regulated by Approval Franchises for which all consents, approvals and authorizations to the purchase and sale of the Purchased Shares have been obtained,

is at least 325,000 or if Seller exercises its rights under the last sentence of the first paragraph of Section 10.5 the threshold of 325,000 will be reduced to 280,000. For purposes of this Section 10.3, the number of basic subscribers shall be calculated as at the date the last approval was obtained to achieve the above sum.

10.4 San Antonio Amendment. The Franchise for the portion of the Texas System serving the City of San Antonio, Texas shall have been amended to eliminate the alleged right of the franchisor, pursuant to Section 21 of the franchise ordinance, with respect to such franchise to purchase such portion or any part thereof, which right Seller believes may be illegal and unenforceable.

10.5 DPC Amendment. The Franchise for the portion of the California System serving Fountain Valley, Huntington Beach, Stanton and Westminster shall have been amended to eliminate the alleged rights of the franchisors, pursuant to Section 2.5 (A) of the conditions of operations of such franchise, to purchase such portion or any part thereof, which rights Seller believes may be illegal and unenforceable. If after all other conditions to occurrence of the Effective Investment Date are satisfied (or would be satisfied were Buyer to have obtained the requisite consents to purchase of the Purchased Shares with respect to the Franchise identified in this Section), Seller shall give Buyer notice that the condition of this Section 10.5 has not been satisfied and if Buyer shall not, within five (5) business days, waive such condition, in satisfaction of this condition, Seller may cause the property and assets of the California System to be transferred to its designee and for purposes of such transfer may make use of the consolidated existing unutilized tax credits and net operating losses of Holdco and its Affiliates to offset the gain from such transfer.

If any of the conditions for the mutual benefit of Buyer, on the one hand, and Seller, on the other hand, to be fulfilled on or prior to February 28, 1989 shall not have been fulfilled on or prior to February 28, 1989, either party may terminate this Agreement by notice in writing to the other (provided that the non-fulfilment of the condition for which the party seeks to terminate was not caused by such party's default hereunder) and, in such event, each of the parties shall be released from all obligations hereunder without prejudice to any rights it may have against the other, provided however that the parties are entitled to jointly waive compliance with any such conditions in whole or in part if they see fit to do so without prejudice to any of their rights of termination in the event of non-performance of any other condition contained herein, in whole or in part.

If on the Investment Date there shall be an effective injunction or restraining order issued by a court directing that the transactions provided for herein not be consummated as provided herein, either Seller or Buyer may extend the date for the purchase and sale of the Common Shares by up to thirty (30) days and the parties hereto will be bound by such extension. In the event that the Investment Date is so extended, the Effective Investment Date will also be changed in the same manner.

ARTICLE XI INDEMNIFICATION

11.1 Indemnification by Seller. Seller agrees to indemnify Buyer, and its affiliates, directors, officers and employees against and hold each of them harmless from any and all actual losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by this indemnity but excluding any loss of profits with respect to the Systems (in this Section 11.1 collectively, the "Indemnifiable Damages") which any such indemnified party may suffer or incur by reason of (a) the inaccuracy of any of the representations and warranties of Seller contained in this Agreement, or any document, certificate or agreement delivered pursuant hereto; (b) the breach by Seller of any of the covenants made by it in this Agreement; (c) any claim by any person under any provision of any federal or state securities law relating to any transaction, event, act or omission (including, without limitation, any tender offer or merger and in particular the exercise of appraisal rights by public stockholders in connection with the merger of RCA Cablesystems Merger Co. into Rogers Cablesystems of America, Inc.) occurring prior to the Investment Date; (d) claims made by any stockholder or partner (or former stockholder or partner) of Seller, any Affiliate or arising out of transactions, events, acts or omissions occurring on or prior to the Investment Date; (e) the actions involving April Strickland et al as plaintiffs or any similar claims by other employees based on the same facts and the actions involving Larry and Catherine Stark as plaintiffs; (f) any federal or state income or franchise taxes (whether due or assessed before, on or after the Effective Investment Date) (except deferred taxes) in excess of any such taxes reflected as a liability at the Effective Investment Date in the statement of adjustments referred to in Section 1.3F, payable or which become payable by Holdco or any Affiliate thereof (or their respective successors or assignees) for or in respect of any period on or prior to the Effective Investment Date, other than as a result of any action taken by Holdco or any Affiliate thereof after the Effective Investment Date; and subject to the limitations of this Agreement, with respect to the measurement of Indemnifiable Damages, Buyer shall have the right to be put in the same financial position as it would have been in had each of the representations and warranties of Seller been true or accurate or had Seller not breached any such covenants or had any of the events or claims referred to in clauses (c), (d) and (e) not occurred or been made. The foregoing obligation of Seller shall be subject to and limited by each of the following qualifications:

(i) except as set out in (ii) below, each of the representations, warranties and covenants made by Seller in this Agreement or pursuant hereto shall survive for a period of 12 months after the Investment Date, and thereafter all such representations, warranties and covenants shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of such 12 month period;

(ii) the representations and warranties made by Seller in Sections 3.6 (insofar as they relate to copyright matters), 3.7 and 3.8, and the indemnities contained in this Section 11.1 with respect thereto, and the indemnities contained in clauses 11.1(c), (d), (e) and (f) shall survive until the end of any statutory limitation period with respect thereto, and thereafter all such representations, warranties and indemnities shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of the relevant statutory limitation period;

(iii) Seller's indemnity obligations hereunder shall not apply to the extent that the Buyer, Holdco or any Affiliate would otherwise be covered for the same loss under the Buyer's, Holdco's or any Affiliate's insurance policies in the absence of any indemnity hereunder;

(iv) Seller is not responsible or liable for any breach of the representations and warranties contained in Article III resulting from any act Buyer may take or may cause Holdco or any Affiliate to take after the Investment Date;

(v) Seller shall have no liability under this Agreement or otherwise for or on account of Indemnifiable Damages unless and until such damages in the aggregate exceed \$3,000,000 except in the case of the indemnities contained in clauses 11.1(c), (d) and (e). Seller's liability under the indemnity provided in this Section 11.1 shall not exceed the Purchase Price, provided however, that such limitation shall not include a breach with respect to ownership of shares of Holdco or a Subsidiary or interest in a Partnership;

(vi) for purposes of determining the amount of Indemnifiable Damages payable by Seller for a breach of the representation and warranty set out in Section 3.7, the tax effect of all net operating losses and investment tax credits of Holdco or any of the Affiliates at the Effective

Investment Date, that prove to be deductible or creditable as well as the tax effect of any resulting increase in any tax benefits, including but not limited to, tax credits, losses and positive basis adjustments, shall be offset against the amount of Indemnifiable Damages otherwise payable by Seller for a breach of the representation and warranty set out in Section 3.7;

(vii) Seller shall not be responsible or liable for any actions taken by Buyer after the Investment Date or for any stock transfer taxes payable on, or any losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, counsel fees suffered or incurred by Buyer or its affiliates or Holdco or its Affiliates arising out of a challenge to the validity of or compliance with any Franchise as a result of the act of Seller's transferring of title to the Common Shares or the Multiple Voting Shares to Buyer; and

(viii) the conduct and settlement of the actions referred to in clauses 11.1(c), (d) and (e) may be assumed by Seller in accordance with the procedures as set out in Section 11.3.

11.2 Indemnification by Buyer. Buyer agrees to indemnify Seller and its respective affiliates, directors, officers and employees against and hold each of them harmless (on an after-tax basis, after taking full account of the tax effects of the event, matter or thing giving rise to the claim hereunder and the payment of any amounts pursuant hereto including the increase in investment tax credits, net operating losses, tax-basis or other tax benefits) from any and all losses, liabilities, claims, suits, proceedings, demands, judgments, damages, expenses and costs, including without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by this indemnity but excluding any loss of profits with respect to the Systems (in this Section 11.2 collectively, the "Indemnifiable Damages") which any such indemnified party may suffer or incur by reason of (a) the inaccuracy of any of the representations and warranties of Buyer contained in this Agreement; (b) the breach by Buyer of any of the covenants made by it in this Agreement; (c) any breach of the indemnities set out in Section 7.5 and 7.7 and (d) any action Buyer may take in connection with the operation of the Systems after the Effective Investment Date. Without limiting the generality of the foregoing, with respect to the measurement of Indemnifiable Damages, Seller shall have the right to be put in the same financial position as it would have been in had each of the representations and warranties of Buyer been true and accurate or had Buyer not breached any such covenants. The foregoing obligation of Buyer shall be subject to and limited by each of the following qualifications:

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(i) each of the representations, warranties and covenants made by Buyer in this Agreement or pursuant hereto shall survive for a period of 12 months after the Investment Date, and thereafter all such representations, warranties and covenants shall be extinguished, except with respect to bona fide and valid claims for which notice has been given prior to the expiration of such 12 month period;

(ii) Buyer's indemnity obligations hereunder shall not apply to the extent that Seller would otherwise be covered for the same loss under any insurance policy insuring Seller in the absence of any indemnity hereunder, and

(iii) Buyer shall have no liability under this Agreement or otherwise for or on account of Indemnifiable Damages unless and until such damages in the aggregate exceed \$3,000,000 except in the case of the indemnities referred to in clauses 11.2(c) and 11.2(d).

11.3 Notice and Right to Defend Third Party Claims. Promptly, upon receipt of written notice of any claim, demand or assessment or the commencement of any suit, action or proceeding in respect of which indemnity may be sought on account of an indemnity agreement contained in this Article, the party seeking indemnification (the "Indemnitee", the "Indemnitor" having the corresponding meaning), shall inform the Indemnitor in writing, thereof. Except to the extent that the Indemnitor is not prejudiced thereby, the omission of such Indemnitee to notify the Indemnitor as soon as reasonably possible of any such claim or action shall relieve such Indemnitor from any liability which it may have to such Indemnitee in connection therewith, on account of the indemnity agreements contained in this Article. In case any claim, demand or assessment shall be asserted or suit, action or proceeding commenced against an Indemnitee, and such Indemnitee shall have notified the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate therein, and, to the extent that it may wish, to assume the defense, conduct or settlement thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Indemnitor to the Indemnitee of its election so to assume the defense, conduct or settlement thereof, the Indemnitor will not be liable to the Indemnitee in connection with the defense, conduct or settlement thereof, except for such expenses as may be reasonably required to enable the Indemnitor to take over such defense, conduct or settlement. The Indemnitee will at its own expense cooperate with the Indemnitor in connection with any such claim, make personnel,

witnesses, books and records relevant to the claim available to the Indemnitor at no cost, and grant such authorizations or powers of attorney to the agents, representatives and counsel of Indemnitor as the Indemnitor may reasonably consider desirable in connection with the defense of any such claim. In the event that the Indemnitor does not wish to assume the defense, conduct or settlement of any claim, demand or assessment, the Indemnitee shall be entitled to settle such claim, demand, or assessment by the payment of money only without the written consent of the Indemnitor and without prejudice to the Indemnitee's rights to indemnification under Sections 11.1 or 11.2, as appropriate.

11.4 Mitigation. Nothing herein contained shall affect a party's legal duty to mitigate damages.

11.5 Materiality. Wherever in this Agreement a matter or state of facts is described as being "material", such matter or state of facts shall be material only if it is material to the operation, financial condition or business of the System in respect of which such matter or state of facts is relevant.

Furthermore a breach of any representation or warranty in this Agreement that is qualified by the word "material", "materially" or "materiality", shall be deemed not to have occurred if Indemnifiable Damages with respect thereto, individually only and not when aggregated with other claims do not exceed the applicable minimum amount as set forth in clause 11.1(v) or 11.2(iii), as the case may be.

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**ARTICLE XII
GENERAL**

12.1 Notices. Each notice or other communication hereunder shall be in writing and shall be deemed to have been delivered to the party to whom it is addressed on the date on which it is delivered to Swiftsure, DHL, Federal Express or Emery courier service for delivery in the fastest possible time to such party at its address set forth below or such other address as either party may designate to the other in writing:

Seller :

Rogers U.S. Holdings Limited
P.O. Box 249, Suite 2600
Commercial Union Tower,
Toronto-Dominion Centre
Toronto, Ontario
M5K 1J5

Attention: **Graham W. Savage**
Senior Vice President,
Investments

with a copy to:

Lang Michener Lash Johnston
Barristers and Solicitors
Suite 700
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1A2

Attention: **Albert Gnat, Q.C.**

Buyer:

KBL Cable, Inc.
c/o Houston Industries Incorporated
4300 Post Oak Parkway
5 Post Oak Park
Houston, Texas 77027

Attention: **William A. Cropper**

with a copy to:

Baker & Botts
3000 One Shell Plaza
910 Louisiana Street
Houston, Texas 77002

Attention: **William G. Woodford**

12.2 Amendments. This Agreement, including the schedules hereto, constitutes the entire Agreement of the parties and supersedes all prior agreements and understandings whether written or oral relative to the subject matter hereof. Buyer acknowledges that other than for historical, financial and statistical information contained therein, (which Seller represents and warrants as being true and correct in all material respects) it has not relied upon the Confidential Offering Memorandum prepared on behalf of Rogers CableSystems International, B.V. by Morgan Stanley & Co. Incorporated. Except as otherwise specifically provided in this Agreement or pursuant to the documents delivered in furtherance of this Agreement, neither Seller nor Buyer makes any warranty or representation, express or implied, statutory or otherwise, to the other. Except as otherwise permitted herein, this Agreement may be amended or modified only by a written instrument executed by Buyer and Seller.

12.3 Waiver. No provision in this Agreement shall be deemed waived by course of conduct, including the act of closing unless such waiver is in writing signed by all parties and stating specifically that it was intended to modify this Agreement.

12.4 Severability. Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

12.5 Headings and Index. The headings appearing in this Agreement and the index have been inserted solely for the convenience of the parties and shall be of no force and effect in the construction of the provisions of this Agreement.

12.6 Schedules. The following are the schedules incorporated by reference into and deemed to form a part of this Agreement.

Schedule 1	-	Systems
Schedule 1.1(a)	-	Proposed Preference Share Conditions
Schedule 1.3(a)	-	Capital Expenditure Budget
Schedule 3.1	-	Holdco and Its Subsidiaries
Schedule 3.8	-	Pension Plans
Schedule 7.2	-	FCC Licences
Schedule 7.5	-	Bonds, Letters of Credit and Security Deposits
Schedule 8.6	-	Stockholders' Agreement

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.8 Access to Information. Buyer acknowledges that it has had such opportunity as it has desired to examine and make copies of all Franchises, leases, contracts and other documents of Holdco and the Affiliates that it has requested.

12.9 Expenses. Except as otherwise expressly herein provided in Section 7.2, each party to this Agreement shall pay its own expenses incidental to the preparation and carrying out of this Agreement.

12.10 Parties In Interest. This Agreement shall enure to the benefit of and be binding upon Buyer and Seller and their respective successors but, except as provided below, shall not be assignable by any party hereto. Seller may assign this Agreement and its rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of Rogers Communications Inc., in which event the assignor shall be released from all obligations and liabilities hereunder and the assignee from the assignor will be deemed to be a party to this Agreement in place and stead of the assignor and such assignee shall evidence the foregoing by executing and delivery to Buyer of a duplicate copy of this Agreement and upon such execution and delivery all representations and warranties of the assignor shall be appropriately modified and Sections 2.1 and 2.3 shall be amended to provide that the completion of the purchase and sale of the Common Shares and the Multiple Voting Shares shall occur at the head office of Seller. Buyer may assign this Agreement

and its rights and obligations hereunder so long as such assignment does not require the applications referred to in Section 7.2 and 7.6 to be amended or refiled. No such assignment shall release Buyer from its obligations and liabilities hereunder. Except as otherwise provided herein, nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement. The benefits of any limitations of liability on the parties hereto shall enure to the benefit of their respective agents, servants, employees, officers and directors.

12.11 Currency. All dollar amounts herein are in the currency of the United States of America.

12.12 Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CHOICE OF LAW PRINCIPLES. Any judicial proceeding brought against any party hereto with respect to this Agreement, or any transaction contemplated hereby, may be brought in the Federal District Court for the Southern District of New York and, by execution and delivery of this Agreement, each of the parties hereto (i) accepts, generally and unconditionally, the nonexclusive jurisdiction of such court and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, subject, in each case, to all rights to appeal such decisions to the extent available to the parties and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. Each party hereto hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 12.1, and service so made shall be deemed completed on the fifth business day after such service is deposited in the mail. Nothing herein shall affect the right to serve process in any other manner permitted by law. EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

12.13 Termination. Subject to extension in accordance with the terms hereof, this Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time by either party if the purchase and sale of the Common Shares shall not have occurred on or prior to March 10, 1989, but no such termination shall be deemed an election of remedies as to any party whose breach or violation hereof is the reason for such purchase not having occurred by such date.

12.14 Business Day. For purposes of this Agreement, business day means a day when commercial banks in the State of New York are open for the transaction of normal business.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

SELLER:
ROGERS U.S. HOLDINGS LIMITED

BUYER:
KBL CABLE, INC.

By: "Edward S. Rogers"

By: "William A. Cropper"

By: "Graham W. Savage"

**GUARANTY OF BUYER'S STOCKHOLDERS
GUARANTY AGREEMENT**

THIS GUARANTY AGREEMENT (the "Guaranty") is made as of the 9th day of August, 1988, by Houston Industries Incorporated, a Texas corporation ("Guarantor") having its principal office at Houston, Texas, in favour of Rogers U.S. Holdings Limited, a Canadian corporation ("Seller") having its principal office at Toronto, Ontario.

WITNESSETH:

WHEREAS Guarantor's subsidiary, KBL Cable, Inc., a Texas corporation ("Buyer"), and Seller are parties to that certain Stock Purchase Agreement of even date herewith (the "Purchase Agreement"); and

WHEREAS Seller has agreed to enter into and execute the Purchase Agreement only on the condition that Guarantor execute and deliver this Guaranty;

NOW, THEREFORE, with reference to the above recitals and in reliance thereon, and in order to induce Seller to enter into and execute the Purchase Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, Guarantor hereby agrees as follows:

**ARTICLE I
GUARANTY**

Section 1.1 Definitions. Each Term used herein which is defined in the Purchase Agreement or in the Schedules thereto referred to therein shall have the same meaning as set forth therein unless the context otherwise requires.

Section 1.2 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to Seller and to its successors or permitted assigns the full, prompt and complete performance of all obligations of Buyer (and any successor or assign of Buyer pursuant to Section 12.10 of the Purchase Agreement) set forth in the Purchase Agreement and Schedules thereto and all deeds, bills of sale, contracts and other instruments executed and delivered by Buyer pursuant thereto. Guarantor agrees that its obligations hereunder shall be unconditional, absolute and irrevocable in that if Buyer defaults in the performance or fulfillment or discharge of any agreement, covenants, undertaking, obligation, liability or warranty under the Purchase Agreement, including the Schedules thereto, or under any deed, bill of sale, contract or other instrument executed and delivered by Buyer pursuant thereto, Guarantor shall immediately fulfill and/or perform and/or

discharge, or cause to be fulfilled and/or performed and/or discharged, such agreement, covenant, obligation, undertaking, liability and/or warranty of Buyer. The obligation of Guarantor to Seller hereunder is absolute and unconditional. The obligations set forth herein are a guaranty of payment and performance and not just collection.

The obligations of Guarantor hereunder shall not be in any way discharged or impaired or otherwise affected, and the rights of Seller hereunder shall not be in any way diminished or affected by, (i) any insolvency, bankruptcy, receivership, reorganization, dissolution or liquidation of Buyer, (ii) any sale or transfer by Guarantor of any capital stock of Buyer or any merger, consolidation or sale of assets by or involving Buyer, (iii) any failure, delay or waiver on the part of Seller, whether with or without fault on its part, in enforcing the obligations of Buyer under the Purchase Agreement, (iv) any modification, amendment or supplement to the Purchase Agreement and Schedules thereto or any deed, bill of sale, contract or other instrument executed and delivered by Buyer pursuant thereto, which modifications, amendments or supplements may be made without the consent of Guarantor, or (v) any other circumstances which might be deemed to constitute a legal or equitable defence of Guarantor as a surety or guarantor, or otherwise. Without limiting the generality of the foregoing, Guarantor hereby waives notice of acceptance of this Guaranty Agreement, presentment, demand, protest, notice of nonpayment or notice of any default in response to this Guaranty Agreement and any and all other notices which may be required to preserve intact all rights against Guarantor hereunder, and Guarantor agrees that the obligations of Guarantor hereunder shall not be affected by any modification, termination or extension of any provision of the Purchase Agreement or the transactions contemplated thereby or the documents referred to therein.

ARTICLE II

DURATION

This Guaranty Agreement shall continue in force until all obligations of Buyer under the Purchase Agreement, including the Schedules thereto, and under all deeds, bills of sale, contracts or other instruments executed and delivered by Buyer pursuant thereto shall have been satisfied or until the applicable statute of limitations under the laws of the State of New York shall have run as to any particular claim.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor represents and warrants to Seller as follows:

- (a) Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Texas, and has all requisite corporate power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Guaranty Agreement.

- (b) Subject to ratification by the Board of Directors of Guarantor as provided in Section 8.7 of the Purchase Agreement, the execution, delivery and performance of this Guaranty Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor, and no other proceedings are necessary to authorize this Guaranty Agreement and the transactions contemplated hereby, or the performance or compliance by Guarantor with any of the terms, provisions or conditions hereof.
- (c) This Guaranty Agreement has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its own terms.
- (d) Neither the execution and delivery by Guarantor of this Guaranty Agreement nor the performance by the Guarantor of its obligations hereunder requires the consent of or approval of, the giving of notice to, or the registration with, the recording or filing of any document with, or the taking of any action in respect of any governmental authority or agency, except as set forth in the Purchase Agreement with respect to the transactions contemplated thereby.
- (e) There are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor or its assets before any court or administrative agency which are likely to be determined adversely to Guarantor and which would have a material adverse effect on Guarantor so as to affect its ability to perform under this Guaranty Agreement.
- (f) The execution, delivery and performance by the Guarantor of this Guaranty Agreement and the performance of its obligations hereunder will not violate any provision of law, or the provision of any order, judgment or decree of any court or other governmental agency or the charter documents or By-laws of Guarantor or any agreement or other restriction to which Guarantor is a party or by which Guarantor is bound or result in a breach or constitute (with due notice or lapse of time or both) a default under any contract or agreement to which Guarantor is a party or by which it is bound.

ARTICLE IV

OTHER REMEDIES

Guarantor further agrees that nothing contained herein shall prevent Seller from suing or from exercising any rights available to it under the Purchase Agreement or any of the Schedules thereto and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor hereunder. The failure or forbearance of Seller to exercise any right thereunder, or otherwise granted to it by law or another agreement, shall not affect the obligation of Guarantor hereunder and shall not constitute a waiver of said right.

ARTICLE V
MISCELLANEOUS

Section 5.1 Successors and Assigns. This Guaranty Agreement shall be binding upon Guarantor, its successors and assigns and shall enure to the benefit of and shall be enforceable by Seller and its successors and permitted assigns.

Section 5.2 Expenses of Enforcement. Guarantor agrees to pay legal charges, expenses and costs, including reasonable attorneys' fees, which may be incurred in the enforcement of this Guaranty Agreement.

Section 5.3 Governing Law. **THIS GUARANTY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

Section 5.4 Severability. Every provision of this Guaranty Agreement is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty Agreement to be executed by its respective officers thereunto duly authorized as of the year and date first above written.

HOUSTON INDUSTRIES INCORPORATED

By: "William A. Cropper"
Vice-President

Accepted as of the above date

ROGERS U.S. HOLDINGS LIMITED

By: "Edward S. Rogers"

By: "Graham W. Savage"
Senior Vice-President