

Rogers



Rogers Cablesystems Inc.
1983 Annual Report

Table of Contents

	Pages
From the Chief Executive Officer	3-6
Management	7-10
REPORT ON THE YEAR	11
Canadian Operations	12-14
U.S. Operations	14-16
AREAS OF OPERATION	17
Overview	18
System Clusters	19-24
THE HOME ENTERTAINMENT INDUSTRY	25
Overview	
Creating a marketing company	
Controlling the home entertainment center	
Two-way services	
Home computer services	
Competition in home entertainment	
Financial Section	32
Financial Review	32-37
Financial Statistics	38-40
Financial Statements and Notes	41-65
System Operating Management	66
Directors and Officers	67
Corporate Information	68

Highlights of the Year 1983

For the Year ended August 31

	1983	1982
	thousands of dollars or per share	
Revenue	\$ 364,197	\$ 244,396
Operating income	125,756	85,068
Loss before extraordinary item	15,066	9,942
Gain on issue of treasury shares of Cableshare		2,784
Loss for the year	\$ 15,066	\$ 7,158
Loss Per Share – before extraordinary item	84¢	65¢
– Net loss	84¢	53¢

At August 31

Total assets	\$ 914,385	\$ 905,135
Long term debt	637,365	574,862
Shareholders' equity	153,891	171,124
Subscribers on service	1,887,452	2,046,073

Description Of Business

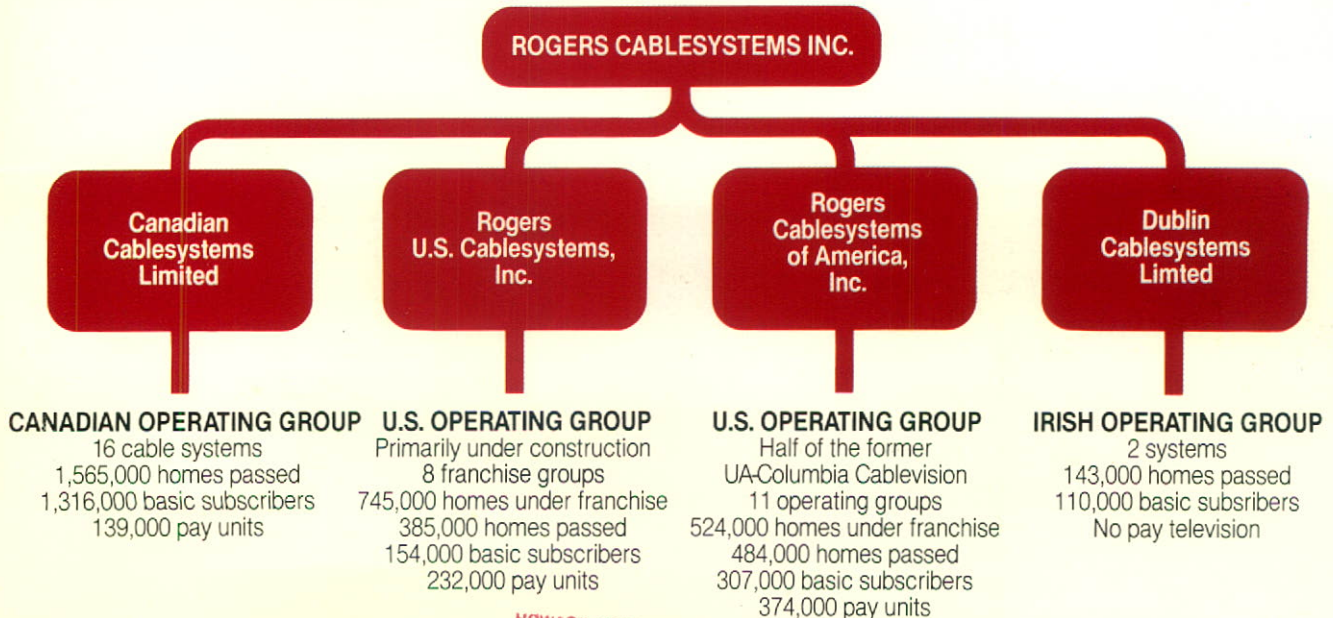
Rogers Cablesystems Inc. is one of the world's largest cable communication companies. With principal holdings in Canada and the United States, it has a controlling interest in cable systems collectively serving almost 1.9 million subscribers. The company is

involved exclusively in the cable industry and in the provision of associated entertainment and information services. Its operations are concentrated in major metropolitan areas and consist of large, recently constructed or substantially rebuilt cable systems.



Cable communication services are flexibly meeting changing world communication demands.

Company Structure



HOWARD ROSS LIBRARY OF MANAGEMENT
MCGILL UNIVERSITY
1001 Sherbrooke St., W.
Montreal, Quebec, Canada
H3A 1G5

FEB 8 1984



John W. Graham, Q.C., Chairman of Rogers CableSystems Inc. and **Edward S. "Ted" Rogers**, Vice Chairman and Chief Executive Officer.

From The Chief Executive Officer

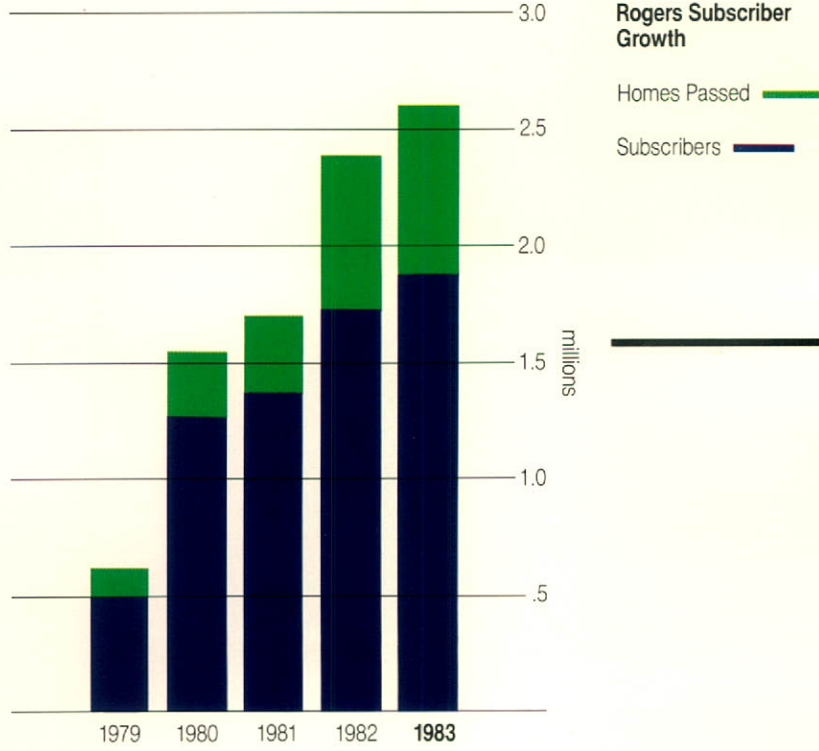
In the 1983 fiscal year your Company passed the halfway point in its expansion plan. The first years of the plan involved a series of new cable franchising initiatives and system acquisitions in Canada and the U.S. The past year has seen a consolidation of this growth, both in operations and finance. The Company's performance in 1983 reinforces our expectations for strong earnings growth when the plan is complete.

Although the year began in the deepest economic recession since the 1930's, steady progress has been maintained in all cable operations. In Canada the introduction of pay TV enabled the Company to add almost 140,000 pay units. In the U.S. over 100,000 cable subscribers and 160,000 pay TV units were added to the 1982 totals. Total revenues increased by 49% from \$244 million to \$364 million. More significantly, operating income increased by 48% from \$85 million to \$126 million.

The Company undertook no new applications for U.S.cable television franchises in 1983 although two new areas were added as a result of prior franchising activities. These areas, comprising the Northern half of the City of Minneapolis, Minnesota, and the suburbs of Portland, Oregon in

East Multnomah County, are contiguous to existing systems operated by the Company. We have financed these ventures through the sales of limited partnership units and bank financing.

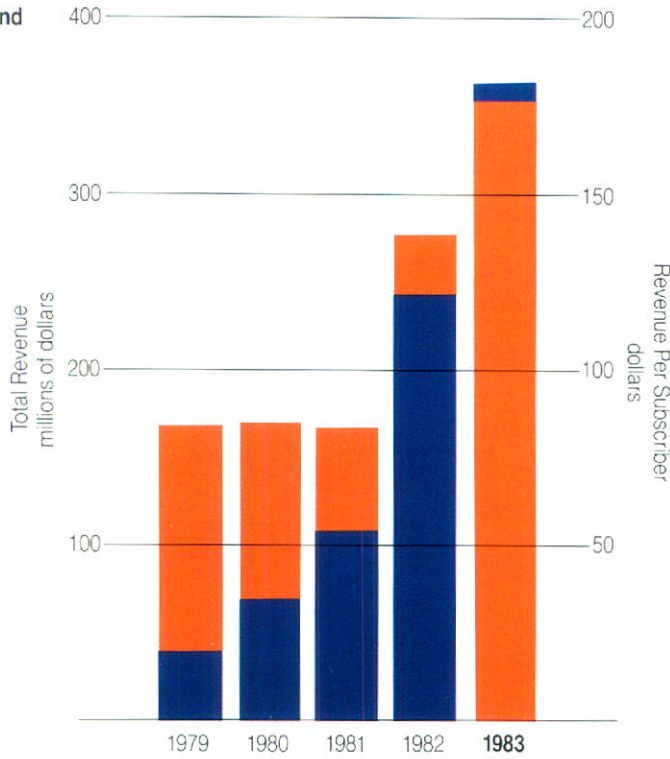
Approximately two-thirds of the Company's consolidated long



term debt is now at fixed rates. In April, three public fixed rate debt offerings were successfully concluded in the U.S. which resulted in gross proceeds of approximately Cdn. \$225 million. The funds were used to repay all outstanding bank indebtedness of Canadian Cablesystems Limited, which controls the Company's Canadian operating group. The

Total Revenue and Revenue Per Subscriber

Revenue Per Subscriber
 Total Revenue

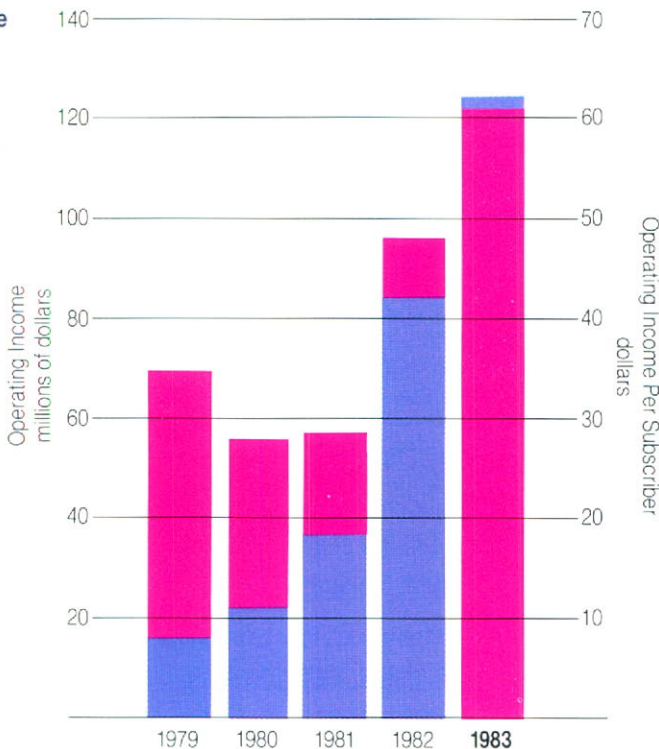


willingness of The Toronto-Dominion Bank, the Canadian Imperial Bank of Commerce and The Royal Bank of Canada to support the Company's expansion program over the past few years has been an important factor in the progress we have made toward our strategic goals.

Besides the fixed rate debt offerings, the Company completed several interest exchange agreements during the year under which existing floating rate interest payments were exchanged for fixed rate payments. Interest payments on a total of approximately U.S. \$98 million of debt have been stabilized in this way. This has significantly reduced the Company's exposure to movements in interest rates. The Company's business has proven to be largely recession resistant in revenue generation and the conversion to fixed rate debt will provide added protection against adverse business cycle conditions.

Operating Income and Operating Income Per Subscriber

Operating Income Per Subscriber
 Operating Income



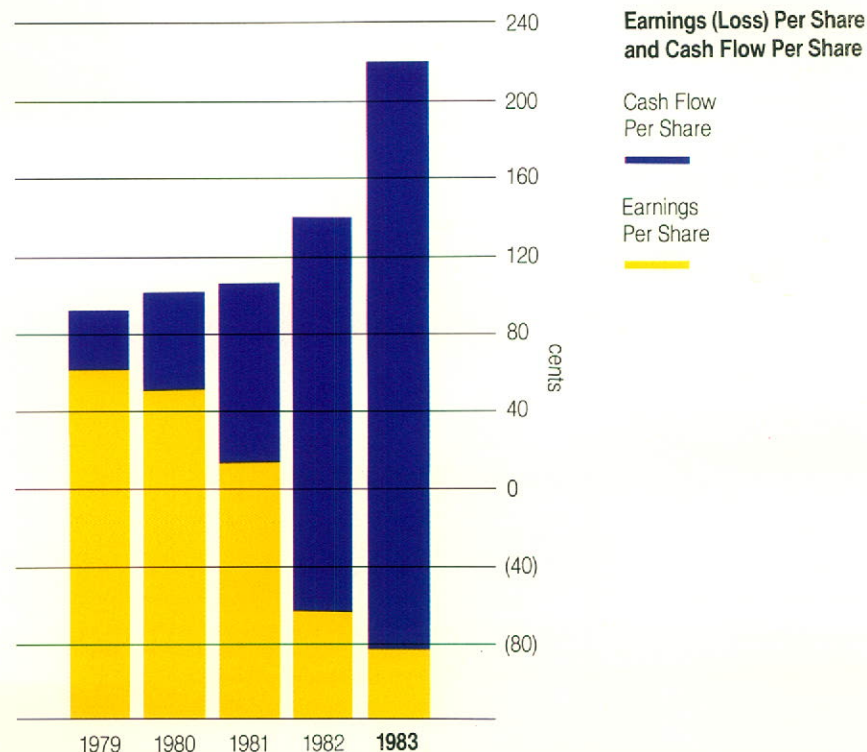
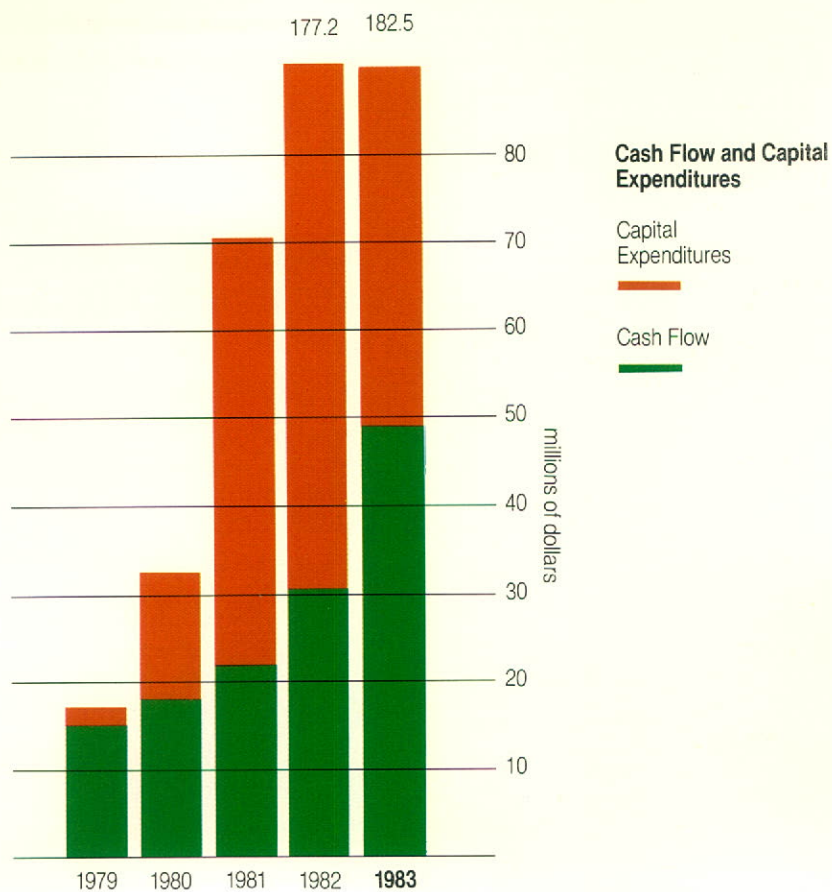
A major development during the year was the division of the assets and liabilities of Rogers UA Cablesystems, Inc. (RUAC) between your Company and United Artists Communications Inc. (UAC) Under the terms of the original agreement with UAC, your Company was given the option of choosing between two groups of

RUAC systems: a Northeast group including the New Jersey systems and a Southwest group including the San Antonio system. After detailed evaluation, management selected the latter group, comprising systems passing approximately half a million homes and serving over 300,000 subscribers in Texas and the Southwestern U.S.

The Company's first U.S. system in Syracuse, New York, is now five years old and generating stable cash flow. During the year the Syracuse partnership concluded an \$11 million 10 year loan agreement with Mutual of New York. This rollover of construction financing into institutional debt represents a model which will be followed by the other U.S. systems as they mature. Management anticipates that the suburban Minneapolis system will be next for such refinancing.

We are proceeding toward our long term earnings goals as originally forecast. We have successfully completed the growth phase of the plan and have dealt with its immediate operating and financial implications.

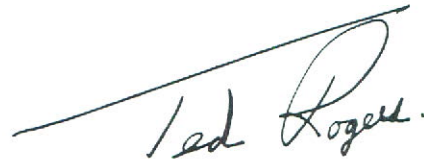
In Canada we have managed the simultaneous launch of pay TV in all our systems and can anticipate steady growth in subscriber revenue.



Recently, the Canadian government awarded the national license for cellular radio to a consortium in which the Company's parent has a 20% interest. RCI can acquire that interest at cost.

In the U.S. we have successfully introduced a new generation of technology in our new systems without significant cost overruns or management problems, and can look forward to continued subscriber growth. The investment in the latest technology allows us to gain new sources of income such as pay per view.

On the financial side, we have acted to stabilize external factors affecting the Company's performance and can now anticipate a steady increase in cash flow. While the Company continues to have opportunities for additional growth, management intends to hold firm to its original expansion program, all the elements of which are now in place. Over the past few years we have grown from a regional Canadian cable operator into one of the largest cable communication companies in the world. We look forward with confidence to the successful conclusion of our program.

A handwritten signature in black ink, reading "Ed Rogers". The signature is written in a cursive style with a long, sweeping horizontal line extending to the left from the start of the name.

Edward S. Rogers
Chief Executive Officer

Management



Philip B. Lind, Senior Vice President, Programming & Planning and **Colin D. Watson**, President, on the production set of ASK US – a live monthly phone-in program where cable subscribers talk to Company management.

Our business is retailing electronic services and home entertainment; we have positioned the Company for exceptional performance within a growth industry.

We are building economically realistic systems and our construction program is on target. We have managed our growth.



Graham W. Savage, Vice President, Investment Planning, **Robert M. Francis**, Senior Vice President, Finance and **Bruce Day**, Assistant Vice President, Finance.



Our principal system clusters are among the best cities in North America in demographics, growth potential and the overall quality of life.

Frank L. Eberdt, Executive Vice President & General Manager, Rogers Cable TV – Vancouver, **Sandra E. Buschau**, Director of Programming & Public Relations, Premier Cablesystems Limited, **Michael J. Jervis**, Vice President, Canadian Operations – West and **George A. Fierheller**, Vice Chairman, Rogers Cablesystems Inc. and Chief Executive Officer, Premier Cablesystems Limited.

Our effectiveness in engineering, programming and delivering services is due to the enthusiasm and loyalty of our staff. This is a Company with extremely low staff turnover.



William W. Linton, Controller, Canadian Operations, **M. Kevin Shea**, Director of Marketing & Programming, **Heather J. Sherrick**, Director of Personnel, **William R. Rogers**, Vice President, Canadian Operations – East and **David E. Friesen**, Vice President, Administration & Control.

We have built our systems with technology necessary to deliver the new services and are implementing those that can be marketed profitably.



W. Wayne Howard, Controller U.S. Operations, **Robert B. Clasen**, Vice President, U.S. Operations, **Gretchen R. Frank**, Director of U.S. Marketing and **Vernon Achber**, Vice President & General Manager, Rogers U.S. Cablesystems, Inc.



The Cablesystems Engineering Management team: **Ted Chislett**, Vice President, Research & Development, **Sara Kane**, Administration Manager, **Ed Jarmain**, Chairman and founder, **Donald E. Taylor**, Vice President, Technical Operations & Purchasing and **Nick Hamilton-Piercy**, Vice President, Engineering & Technical Services

To effectively tap the consumer's discretionary entertainment dollar, systems must have maximum channel capacity, must be addressable and must have fully interactive capabilities.



We have a unique role to play in our communities - as a facilitator of local expression. It carries real responsibilities.

William L. Mason, General Manager, Rogers Cablesystems of Alamogordo, Inc., **Clay Blanco**, V.P. & Regional Manager, Rogers Cablesystems of Southwest, Inc. (Yuma), **Ron Harmon**, V.P., Operations, **Tom Mixon**, General Manager, Rogers Cablesystems of Southwest, Inc. (El Centro) and **Robert Singer**, V.P. & Regional Manager, Rogers Cablesystems of Southwest, Inc. (Southwest region).

The heart of our Company is its people, experienced business operators, innovative engineers and imaginative programmers. Our only operating business is cable and we are specialists in the field.



Stanley Johnson, **Rudi Engel**, **Robert LaTourette**. All three are Executive V.P.s of Rogers Cablesystems of California and serve as General Managers of systems in Garden Grove, Downey and Huntington Beach, respectively.



Missy Goerner, Program Director, Rogers Cablesystems of Texas, Inc., **David Edwards**, Executive V.P. & General Manager, Rogers Cablesystems of Texas, Inc.



Frank E. Nuessle, Executive V.P. & Regional Manager, Rogers Cablesystems of Portland, **Mary Cotter**, Executive V.P. & General Manager, Rogers Cablesystems of Syracuse and **Gary L. Mizga**, Executive V.P. & Regional Manager, Rogers-Minneapolis Cablesystems.



Are as of operation

Canadian Operations

The Showcase Channel – A 24-hour promotional service describing the advantages of pay television. Here, film expert Wayne Clarkson discusses the latest motion picture releases.

While the Company's Canadian systems are mature in basic penetration, total subscribers increased during the year by 2.3% to 1,315,956. Approximately 19,000 subscribers were added in Ontario systems and 11,000 in the British Columbia and Alberta systems. Converter rentals increased by 4% to approximately 196,000 as a result of the ongoing converter marketing program. The Company also experienced a small overall increase in extra outlets.

Net revenue increased by \$22 million or 19% over the 1982 level. Of this increase, \$8.8 million resulted from the introduction of pay television service during the last seven months of the fiscal year, \$3.1 million resulted from an increase in converter rental revenue and the remainder resulted from an increase in basic cable revenue.

Operating income increased to \$53.3 million (38.4% of net revenue) from \$40.4 million (34.8% of net revenue) in 1982. The increase in margins resulted primarily from pay television and from operating expenses as a percentage of revenue other than pay television remaining at the same level as 1982.

Capital expenditures amounted to \$44.6 million in 1983, a decrease from \$47.3 million in 1982. This decrease was achieved even though the 1983 expenditures included \$14 million for pay television equipment.

The first year of Pay TV

Pay TV was introduced simultaneously into all the Company's Canadian systems in February 1983. The initial launch was successful, notwithstanding many technical, marketing and administrative complexities. By the beginning of April approximately 8% of basic cable subscribers were taking one or more services. At fiscal year end this penetration level had risen to 9.4%. Approximately one in five pay TV subscribers was taking more than one pay TV service, resulting in an overall pay unit to basic subscriber penetration level of 10.6%. In total the Company added 139,000 pay service units during the fiscal year.



By fiscal year end the Company had received in total Canadian pay TV revenues of approximately \$17 million. This was achieved although the launch took place when the economy was still in recession. The subsequent bankruptcy of the C Channel performing arts service generated much negative publicity and reduced the pay TV options available to subscribers. The July and August period was predictably slow in terms of pay TV sales, however new subscriptions picked up in the fall.

The preliminary results reflect certain problems associated with pay TV in Canada. In particular the attempt to solve structural problems in the broadcasting system through pay TV has resulted in overburdening the new industry. For example the high retail price of pay TV – approximately \$18.00 for the first service taken – is largely caused by the expenditure on Canadian content required of the pay TV networks and by combined federal and provincial taxes equalling almost 14% of the retail price. An additional problem arises because the pay TV services currently available are similar in program content so that the Canadian pay TV subscriber has an undifferentiated selection from which to choose. This reduces the attraction of taking more than one service, limiting the overall revenue potential of pay TV.

The Canadian pay TV market is different from that in the U.S. where cable subscribers regard pay TV and basic cable as part of one single home entertainment package with a perceived value of between \$25 and \$35 per month. This perception, shaped by the



The Videocenter, Rogers Cable TV, Toronto. This playback center provides programming services to Ontario Systems.

concurrent development of pay TV and basic cable in urban markets, does not apply in Canada where the introduction of pay TV was delayed by the regulator for a long period. The cable industry has matured in Canada as a basic cable business with an artificially low general price level for basic cable services, resulting from years of federal rate regulation. The Canadian cable subscriber has been weaned on the concept of 20 or more channels of service for approximately \$8.00 per month and is resistant to the higher priced premium services. The addition of one premium channel, for example, results in an increase of over 200% in the monthly bill.

A central thrust of the Company's pay TV marketing strategy is to communicate to subscribers the fundamental value of a service which provides up to 40 current movies each month. It is expected that this process will be aided by the introduction of specialty programming services, which can be attractively packaged with pay TV, and ultimately by the realignment of certain basic cable services. The introduction of optional service tiers, including sports, music and news channels will provide the cable industry with an opportunity to reposition premium services within the overall cable service menu.

To further support the marketing of pay TV in Canada, the Company has applied to the CRTC for a license to provide a specialized pay TV service which will focus on the performing arts, filling the void left by C Channel. The service will be based on BRAVO, a satellite network distributed in the U.S. BRAVO will include both Canadian and

international cultural programming as well as childrens' programming and film classics. There will be virtually no program duplication with the existing Canadian pay TV networks. Since a significant amount of the BRAVO programming acquisition budget will be spent in Canada, Canadian program producers and artists will have far greater access to U.S. audiences.

Bravo

Introduction of satellite specialty programming services

In March 1983 the Federal Government unveiled the framework of its new broadcasting strategy calling for the authorization of Canadian cable operators to distribute satellite-delivered Canadian and U.S. specialty programming services. Such authorization is urgently required to permit cable operators to compete with unlicensed Satellite Master Antenna TV Systems (SMATV's) operating in their licensed areas. SMATV's are currently distributing a wide range of U.S. services including 24 hour sports, news and music channels among others.

Although the Federal Government's recognition of this problem is an important step forward, necessary remedial action has been unfortunately delayed by the regulatory process. While the Canadian Radio-television and Telecommunications Commission (CRTC) has called for applications for Canadian specialty programming networks, cable operators remain unable to offer their subscribers the satellite signals carried via

BRAVO - The Company is applying to the CRTC to deliver a cultural and performing arts service in Canada, in cooperation with the successful BRAVO operation in the U.S.

competing technology. It is anticipated that the new Canadian networks will be approved in 1984, following which cable operators finally will be authorized to distribute Canadian and non-duplicated U.S. satellite services.

The broadcasting policy asserts a new concept of cable's role within the Canadian broadcasting system. Cable becomes a cornerstone of the system in terms of

support to the program production industry – reflected by the new tax on cable revenues – in return for which cable operators will be permitted to distribute tiered services. It is unfortunate that while the tax has already been implemented, the distribution of satellite services remains unauthorized. It is hoped that this and other regulatory constraints on the cable industry will be rapidly relaxed in 1984, in line with the industry's new role as a "chosen instrument" of broadcasting policy.

U.S. Operations



The facilities of Dickinson Pacific Cablesystems in Southern California. The Company operates several systems in this growth environment.

The Company's U.S. systems held through Rogers U.S. Cablesystems Inc. (RUSCI) experienced significant growth throughout the year. Homes in franchise areas increased by 31% from 568,000 to 745,000, primarily through the addition of the northern half of the City of Minneapolis, Minnesota and east Multnomah County, Oregon. Homes passed by cable increased 65% from 234,000 to over 385,000 as construction progressed in

Portland, Oregon and Southern California. Basic cable subscribers increased 64% from 94,000 to a total of over 154,000, with major increases in the systems serving the Southwest Suburbs of Minneapolis, Portland, Oregon and Southern California. The overall penetration of homes passed stayed constant at 40%, and an average monthly net revenue per subscriber of \$24.46 was achieved.

Pay TV service units sold to RUSCI system subscribers increased by 76% during the year from 132,000 to over 232,000. Overall pay to basic service penetration also increased from 140% to approximately 150%. Systems performing particularly well in pay TV penetration as a percentage of basic subscribers included Southwest Minneapolis (164%), Portland (165%), La Mirada/Garden Grove (193%) and the Southeast Los Angeles Cities (209%). The RUSCI systems are expected to show substantial growth in fiscal 1984 when construction and franchise extensions will add approximately 200,000 homes to the total homes passed by cable. It is anticipated that approximately 90,000 basic subscribers and 180,000 pay units will be added in 1984.

The Company owned a 51% interest in Rogers UA Cablesystems, Inc. (RUAC) until August 31, 1983 when the cable systems owned by RUAC were distributed to its shareholders. In the RUAC cable systems retained by the Company, homes passed by cable increased by 33,000 to 484,000 at August 1983 and basic cable subscribers increased by 40,000 to 307,000, a penetration level of 63.4%. Pay TV service units in those systems increased by 64,000 to 374,000. Over 90% of the increase in basic cable subscribers and pay TV service units resulted from the San Antonio, Texas cable system.

Net revenue of RUSCI increased by \$18.6 million from 1982 to \$36.5 million in 1983, a 104% increase. This increase resulted primarily from revenue generated by new cable subscribers connected as a result of new cable construction. RUSCI's operating income increased to \$11.5 million in 1983 from \$6.9 million in 1982. Capital expenditures amounted to \$61 million, down from \$68 million in 1982 as a result of construction completion.

The Company's Consolidated Statements of Income and Changes in Financial Position include 100% of the previously 51% owned RUAC with an appropriate deduction for minority interest for the periods up to August

31, 1983 when the cable systems owned by RUAC were distributed to RUAC's shareholders. The Consolidated Balance Sheet at August 31, 1983 reflects this August 31, 1983 division of RUAC.

RUAC's net revenue increased by 64% to \$134.2 million in 1983. Its operating income rose to \$59.0 million (a 44% margin) from \$35.1 million in 1982. RUAC's capital expenditures amounted to \$77 million as compared to \$66 million in 1982.

Division of Rogers UA Cablesystems, Inc.

On February 4th, 1983, the Company and United Artists Communications Inc. jointly announced their intention to divide the assets and liabilities of RUAC in accordance with certain terms of the RUAC Shareholders' Agreement. This division of interests was completed on August 31st, following RCI's selection of the Western Group of RUAC systems centering on San Antonio, Texas. The division resulted in RCI holding a 100% interest in systems serving 307,000 basic subscribers at fiscal year end through Rogers Cablesystems of America, Inc. (RCA), a wholly owned subsidiary. Included in the Western Group with San Antonio are 10 other systems in Texas, Arizona, Arkansas, California, New Mexico, Oklahoma and Tennessee.



San Antonio. A photo of the historic King William District - symbol of that city's commitment to its historic traditions.

San Antonio is a dynamic community which fits well within the overall demographic profile of areas served by the Company. It has proven to be an excellent market for cable television. The area is also benefitting from fundamental population shifts toward the South West.

New U.S. markets

Two areas were added to the Company's U.S. operations during the 1983 fiscal year, both of which are adjacent to existing systems. These areas include part of the City of Minneapolis and part of Multnomah County, Oregon. The awards for these areas are the result of prior franchising efforts since the original applications were made in 1979 (Minneapolis) and 1982 (Multnomah). In both cases these franchises were granted to competitors but then awarded to the Company following lengthy debate in the respective communities.

Programming awards

Programming departments created in each of the Company's new U.S. systems have achieved prominence in the U.S. During the year programs created by these departments were nominated in 10 categories of the Awards for Cablecasting Excellence and a total of five ACE awards were received. The awards included the prestigious and highly coveted award for the system with greatest

dedication to local programming. This is an outstanding achievement for a single company, particularly one so recently established in the U.S.

New revenue sources

The Company has developed new revenue sources from its existing capital assets in the U.S. These include pay-per-view programming revenue for data transmission and local advertising. During the last two years the Company has acquired expertise in programming and marketing pay-per-view services and is now achieving good results in its systems in Portland, Oregon and Southern California. Revenues are also being generated from the sale of communications services to banks and other institutions and from the sale of advertising availabilities (spots) in satellite network services to local businesses. The Company also uses these spots to insert promotional messages which increase awareness of pay-per-view programs and other cable services.

The ACE Award, symbol of excellence in cablecasting in the U.S. The Company won the second highest number of awards including the highest honor, "Commitment to Local Programming".





Yearly Report

Overview

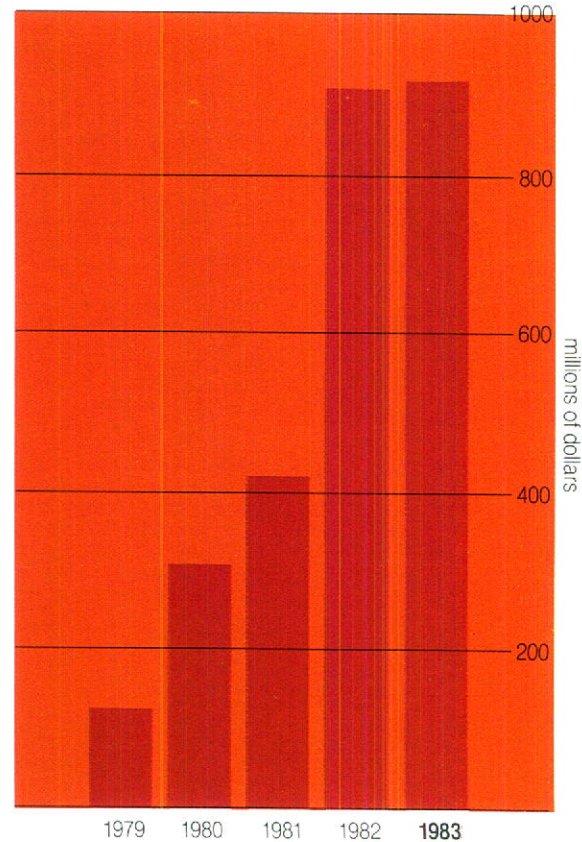
The Company's cable systems are located primarily in major North American cities and their suburbs. These urban areas have a high concentration of homes, making possible a subscriber base that can support advanced cable technology including expanded channel capacity, addressability and two-way capability. With this technical foundation the Company can provide the broad range of services necessary to generate high revenues.

The systems are clustered so that each group of systems is large enough to support a management team which can provide specialized skills in programming, marketing and technical operations. There are six major groups; two in Canada and four in the U.S. The Canadian groups are located in Southern Ontario and Southern British Columbia. The U.S. groups are located in the areas of Minneapolis, Minnesota; Portland, Oregon; San Antonio, Texas and Orange and Los Angeles counties in Southern California. They range in size from approximately 200,000 homes passed in the Portland, Oregon area to some 938,000 homes passed in Southern Ontario.

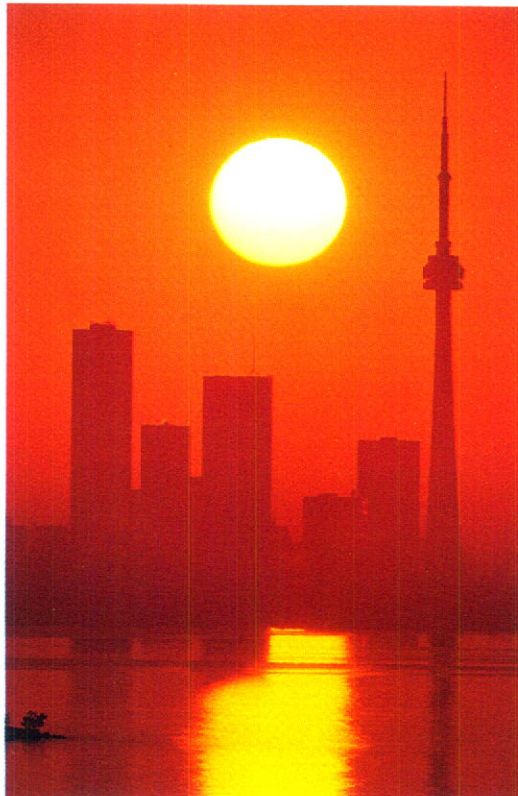
The U.S. groups are located in areas of continuing population growth. Current projections of the U.S. Census Bureau indicate that over the next 20 years the population will increase in Oregon by 53%, in Texas by 46% and in California by 30%. In developing its U.S. systems the Company consciously selected communities which were managed in a fiscally responsible manner by the city governments. The Company maintains strong relationships with these authorities and prides itself on the close ties it has established in its communities.

The cities of Toronto, Vancouver, Portland, Minneapolis and San Antonio have all benefitted from progressive and imaginative downtown developments. They have become urban showcases, representing a quality of life that is exceptional in North America. Above all, they are functional, attractive places in which to live and work. This fact helps explain the favorable population shifts and underlines their strength as cable markets.

Total Assets



Toronto, headquarters of Rogers Cablesystems, Inc.



Southern Ontario

The Company's eastern Canadian systems serve close to a million homes in the province of Ontario. The Cities of Toronto, Mississauga, Brampton, Hamilton, Kitchener-Waterloo, London, Brantford, Cornwall and Oshawa and the town of Newmarket are part of this group, the first to be developed by the Company. All of the systems in the group are fully built with a minimum capacity of 27 channels. The Metropolitan Toronto system is the largest cable system in the world, serving over 354,000 subscribers and spanning some 1,732 street miles. The system passes approximately 428,000 homes, resulting in a basic penetration level of almost 83%. Most of the other systems in the region have also achieved high basic penetration levels, ranging from 73% to over 90%.

The Toronto system provides a nucleus for a multi-channel microwave system which links most of the other systems in the group. This interconnection facility provides a model for the interconnection of cable systems which is being followed in many of the other clusters operated by the Company. It permits the transportation of programming services and the efficient delivery of pay television and associated addressable decoder control signals. The network uses a combination of transmission technologies including AM and FM microwave, digital transmission on coaxial cable and conventional multi-channel VHF cable distribution.

The network is becoming particularly important with the advent of multiple pay TV

ENGINEERING AND PROGRAMMING

The Company's ability to manage large urban cable systems was acquired through the development of its Southern Ontario systems, and in particular, Rogers Cable TV in the City of Toronto. It was in Ontario that the engineering and programming expertise necessary to support the Company's present subscriber base was initially developed. The Company's engineering capabilities are supported by a separate division, Cablesystems Engineering. This division has established an industry wide reputation in the development of cable technology and manages the Company's technical operations. It acts as general contractor for new cable construction and undertakes new service development as well as research in fibre optics, computer-communications, interactive television and other areas.



A Rogers Service Technician providing assistance in Mississauga, Ontario, where the cable system operates a 'We're Your Neighbors Program'.



Service Technicians installing an institutional cable network in London, Ontario. Several hospitals are interconnected to facilitate closed circuit instantaneous video transmission.

and specialty programming services. Each of the new discretionary services has or will have a unique tariff so that the subscriber's cable bill can become complex with the many service combinations that are possible. The network is a critical element permitting the use of a centralized authorization, accounting and billing function for these services, linked to a computerized addressable control system. This provides administrative and operational advantages and eliminates the human error factor, implicit in manual control systems.

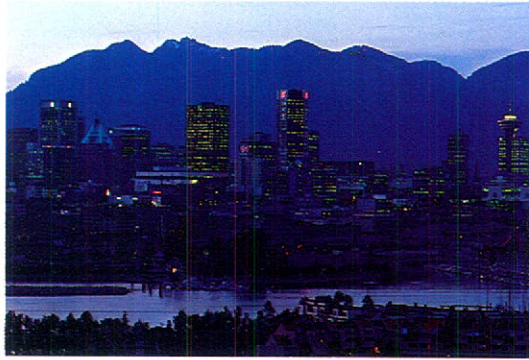
Festival of Festivals, Toronto's International Film Festival is one of the many forums for the arts in which Rogers Cablesystems plays a vital part.

Programming has always been an essential part of the Company's business. Cablecasting can make an important contribution to community life and helps the Company reinforce its public profile. Each cable system has a programming department, charged with developing programming that is truly relevant to its community. Innovation in program content and format is an integral part of this activity. During the year, for example, the Toronto system produced programming for a symposium on video culture, produced a multi-part series on Canadian dance from the National Arts Centre and assisted in the coverage of the International Festival of Festivals, one of the world's leading forums on the new cinema.



Southern British Columbia

Vancouver, British Columbia. The most beautiful city in Canada and future location of EXPO '86. A world's fair dealing with transportation and communication.



The Company's Western Canadian systems serve a total of 510,000 homes in Southern British Columbia. These include the City of Vancouver, the municipalities of Richmond and Burnaby, adjacent areas on the lower mainland of B.C. and the City of Victoria on Vancouver Island. The Company also has a 45% interest in systems serving the nearby Cities of Surrey and Abbotsford. The Vancouver system is the second largest in the world, serving almost 247,000 subscribers. The system passes approximately 267,000 homes, resulting in a basic penetration level of over 92%.

The B.C. systems were acquired through the 1980 merger of Premier Communications Limited and Canadian Cablesystems Limited. In its application to the CRTC for control of Premier, the Company made several commitments designed to strengthen the Canadian cable industry. The Company has prepared a comprehensive summary of progress made to date on these commitments and will present this to the CRTC in the coming year. The review will show that the Company has met both the letter and the spirit of the commitments and has over-

Calgary, Alberta. Site of the Annual Calgary Stampede and of the 1988 Winter Olympics.



performed in many respects. These include research and development, the implementation of a new generation of cable technology, carrying out a comprehensive technical upgrading program in the Vancouver area, building new local programming facilities and increasing the number of services available to subscribers.

The Vancouver and Victoria systems now provide greatly expanded channel capacity capable of delivering a wide range of pay TV and specialty programming services. Three new community programming studios have been built in the greater Vancouver area and facilities have been installed permitting separate programming operations in Vancouver, Richmond and Burnaby. During the year the Victoria system opened new offices which include a cable retail store, a video control center and professional studio production facilities which are linked to an institutional trunk which permits live origination from across the City. The offices are located in a high traffic area and are easily accessible to subscribers.

In Vancouver an initiative in institutional communications has been undertaken in partnership with the Provincial Government. The Company has constructed a dedicated cable network for video and data transmission which links together many of the educational and medical institutions in the City. Known as the "Knowledge Network", the facility interconnects the University of British Columbia with Simon Fraser University and the British Columbia Institute of Technology. The network will also interconnect the leading hospitals in the area.

OTHER PROPERTIES

Included in the Company's Western Canadian properties, but outside the Southern B.C. cluster, is Rogers Cable TV in the City of Calgary. This system passes 116,000 homes and has over 80,000 subscribers for a basic penetration level of 69%.

The Company also operates cable systems serving the Cities of Dublin and Waterford in Ireland. Approximately 143,000 homes are passed and over 110,000 subscribers are on service for an average basic service penetration level of 77%.

Greater Minneapolis, Minnesota.

The Company's franchised areas include over 175,000 homes in the City of Minneapolis and 61,000 homes in the Southwest suburban area comprising the Cities of Richfield, Minnetonka, Hopkins, Eden Prairie and Edina. The Minneapolis City franchise was confirmed and construction began in the summer of 1983. The system will feature dual cable plant and will be fully interactive and addressable. Capital costs of the system will be U.S. \$52 million dollars. Financing is being provided through a combination of bank debt and the limited partnership offering.

Construction of the Southwest suburban area began in 1981 and was completed during the 1983 fiscal year. The multiple-hub system includes over 700 miles of plant and a total of over 23,000 subscribers were on service at fiscal year end, representing approximately 41% of homes passed by cable. The Southwest system achieved a gross monthly revenue per subscriber of approximately U.S. \$30, helped by pay TV penetration of 164%. The Southwest system will be linked with the Minneapolis City system. This will form the heart of an interconnected regional Minnesota cable network which will be used for program delivery, regional advertising and other purposes.



Minneapolis, Minnesota. The Company is currently spending U.S. \$52 million on a system to serve the City. Minneapolis is dedicated to providing excellent community services to its citizens.

SYRACUSE

Standing apart from the Company's principal system clusters, the Syracuse, New York, system was its first U.S. property to be franchised and developed. The system currently passes 66,000 homes and serves over 34,000 basic subscribers, resulting in a penetration level of 52%. Completed in 1980, the system is now mature, although the addition of new pay TV services, such as the Disney Channel, is expected to significantly increase overall pay TV penetration.

The Syracuse system is developing new ways to sell advertising availabilities to local and regional advertisers. In 1983 the system invested in Tele-Cable Sales, a regional sales interconnect service, designed to facilitate the sale of cable television advertising time across the Upstate New York market. This service encourages merchants in the area to use cable advertising to reach their target markets and helps design advertising packages which best use cable's unique advantages. Approximately 50 clients are now using the services of Tele-Cable Sales on a regular basis.

Tele-Cable Sales, Syracuse, N.Y. As cable television systems mature, the selling of commercial time on satellite channels becomes increasingly important. In Syracuse, the sales agent is Tele-Cable.

**Tele-Cable
Tele-Cable
Tele-Cable
Tele-Cable
Tele-Cable**

Greater Portland, Oregon

Portland, Oregon. The Company serves the city of Portland, and is constructing a system in neighboring east Multnomah County.

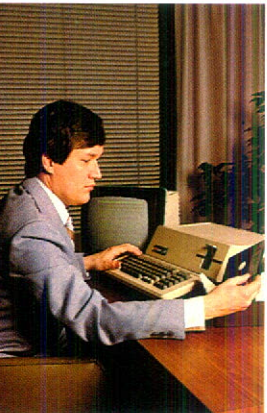


The Portland area systems pass approximately 120,000 homes in the Eastern part of the City of Portland and approximately 80,000 homes in the adjacent East Multnomah County. The system serving the City of Portland is both fully interactive and addressable and comprises 800 miles of plant. A total of 37,000 subscribers were on service at fiscal year end. Construction is almost complete in Portland, the Company having fulfilled the franchise commitments made to the City. The system achieved a gross monthly revenue per subscriber of approximately U.S. \$26 and pay penetration of 165%. The Multnomah County franchise was awarded to the Company during the 1983 fiscal year. The area is considered an excellent cable market and high subscriber penetration is anticipated. Construction has begun and cable service will be offered to the first subscribers in December 1983. The single cable 59

channel system will be fully interactive and will be interconnected to the system serving the City of Portland.

The Portland system is particularly noteworthy for the excellent selection of services offered to subscribers. As in the Company's other recently constructed U.S. systems, an extensive variety of programming is made available including 21 satellite specialty services, six pay TV services, three pay per view channels, eight community channels, nine local and distant broadcasting stations and six character generated information channels. The system provides perhaps the most imaginative array of local programming undertaken anywhere in the U.S. Seven individual programs produced by the Portland system were nominated for 1983 ACE awards and three awards were received, the second highest total for any system in the U.S.

Computer users will increasingly rely on transmission provided by the cable TV system. In Multnomah County, the company is operating in an experimental venture with the Apple Corporation.



THE INTEGRATED RESIDENTIAL/COMMERCIAL NETWORK

An important feature of the Portland system is its integrated institutional communications network which provides data and video transmission services for business and institutional users. Although it has only been operating for one year, the network has been successful in attracting several users including banking institutions, city government and certain hospitals. The integrated network is so called because a portion of the transmission spectrum on one of the two residential service cables serving the City is reserved for institutional services. By combining the institutional and residential networks in this way reductions in construction costs are achieved and certain service benefits are realized. In particular the institutional services are made

available throughout the franchise area.

This approach also provides transmission capacity which can be used by residential subscribers for computer-communication applications. The cable system can provide a low cost gateway to information providers such as The Source and CompuServe, for example. As part of its service development program the Company is investigating the use of the cable system for computer networking and has established a joint program with Apple Computers through which a variety of home and business networking services will be tested in the Portland and Multnomah systems.

Greater San Antonio, Texas



San Antonio, Texas. Under Mayor Henry Cisneros, the city has developed an outstanding reputation for tourism as well as for business development in the high-tech area.

The San Antonio system passed at August 31, 1983 approximately 290,000 homes in the City of San Antonio and 23 surrounding communities. A total of approximately 164,000 subscribers were on service at fiscal year end, representing approximately 56% of the homes passed by cable. The system achieved pay TV penetration of 177%. The entire Greater San Antonio area is served by the system which includes nine separate hubs linked by multi-channel AML microwave. The system was built to high standards of technical quality and is fully interactive throughout. Although construction of the system was completed in late 1983, more expansion is anticipated as adjacent communities are added. The hub system has been designed to accommodate such growth. Eventually, the San Antonio system may challenge San Diego for the title of the largest single cable system in the U.S.

The sheer size of the San Antonio system and its technical complexity have made it the focus of considerable interest in the cable industry. Nearly 4,000 trunk amplifiers and 400 power supply sources are utilized to drive signals through the 3,000 miles of plant. Approximately 100 customer service representatives are required to respond to the 3,000 customer phone calls each day. A total of 1,600 individual work orders are completed daily including approximately 500 new installations and reconnections. The launch of the Disney Channel in San Antonio during the year produced an initial addition of 20,000 pay units, a hugely successful result which indicates the large scale of system operations. The system also features sophisticated mobile production facilities which provide extensive local origination and commercial production.

OTHER U.S. SYSTEMS

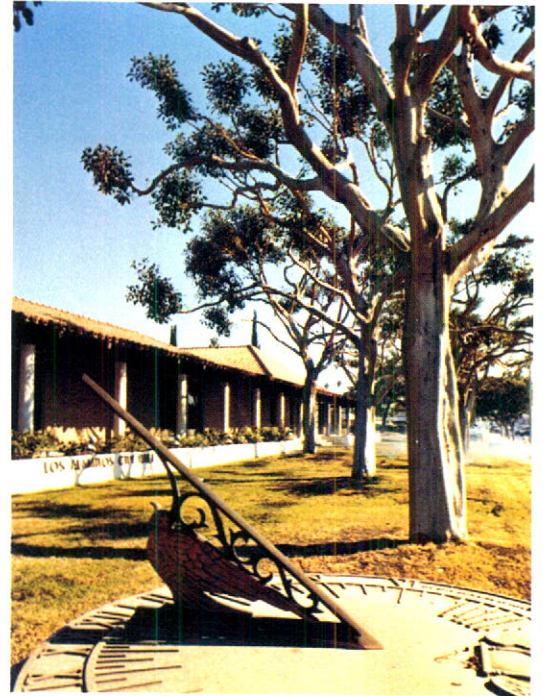
The Company operates mature cable systems in several other communities in the U.S. which are not associated with any of the principal system clusters. Four of these systems are located in Texas, including those serving the Cities of San Angelo, Laredo, and Gainesville and a group of communities in the Eastern part of the State including Mount Pleasant, Mount Vernon, Pittsburg and Titus County. The San Angelo system serves approximately 23,000 subscribers or 75% of the homes passed by cable. The Laredo system serves approximately 21,000 subscribers or 63% of homes passed. The remaining Texas systems serve approximately 10,000 subscribers, representing an average basic penetration of approximately 80%.

Three other principal systems operated by the Company respectively service the communities in and around Fort Smith, Arkansas; Yuma, Arizona and El Centro, California. The Fort Smith system serves approximately 27,000 subscribers or 77% of homes passed while the Yuma system serves over 17,000 subscribers or 66% of homes passed and the El Centro system serves approximately 18,000 subscribers or 73% of homes passed. The Company also operates systems in Alamogordo, New Mexico; McAlester, Oklahoma; and Pulaski and surrounding areas in Tennessee. These systems collectively serve over 26,000 subscribers or an average of 85% of homes passed.

Southern California

The City Hall building in Los Alamitos, California. The cable system is currently under construction.

The Company's systems in Southern California are located in Los Angeles and Orange Counties and serve a total of 13 individual Cities plus unincorporated areas. The cluster is operated as one integrated system using multiple channel AML microwave links between local headends and hubs. Within the cluster are three separate groups of communities. The first includes 112,000 homes in the Cities of Huntington Beach, Westminster, Fountain Valley and Stanton, which are located in Orange County. Construction is essentially completed in this area with approximately 91,000 homes passed by cable at fiscal year end. This area has achieved a basic penetration of 41% of homes passed and approximately 37,000 subscribers are on service. Pay unit penetration is currently 152% of basic subscribers and a gross monthly revenue of US \$29 per subscriber is being realized.



The second area includes the Cities of La Mirada, Rossmore, Garden Grove and Los Alamitos as well as pockets of unincorporated Orange County. Construction of the La Mirada/Rossmore section is complete with approximately 20,000 homes passed by cable at fiscal year end. The area has achieved a basic penetration of 47% of homes passed and approximately 9,000 basic subscribers are on service. Pay unit penetration is 193% of basic subscribers and a gross monthly revenue of U.S. \$27 per subscriber is being realized. The Garden Grove and Los Alamitos section is currently under construction and it is anticipated that

service will be offered to the first subscribers in early 1984.

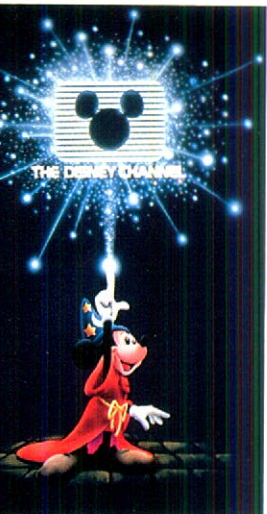
The third area includes 73,000 homes in the Cities of Downey, Bell Gardens, Santa Fe Springs, Lynwood and Paramount in Los Angeles County. Approximately 46,000 homes were passed by cable at fiscal year end and construction has been recently completed. The area achieved a basic penetration of 30% of homes passed and approximately 14,000 subscribers are on service. Pay unit penetration is 209% of basic subscribers and a gross monthly revenue of U.S. \$25 is being realized.

THE CALIFORNIA CABLE MARKET

The development of cable in Southern California has taken place in perhaps the most competitive environment anywhere in the U.S. The franchising process began late in most of the Cities within Los Angeles and Orange Counties, at a time when the distribution of pay TV via multipoint distribution systems (MDS) and broadcast subscription television (STV) was already well established. In addition, the market was largely saturated with off-air television since, throughout most of the greater Los Angeles area, more than 20 television stations are available to residents. Despite this environment, cable has been developed rapidly in the past few years.

A key factor has been the strength of demand for pay TV services in the area. As indicated above, most of the systems being developed by the Company have achieved excellent pay TV penetration by offering subscribers a broad selection of services from which to choose. Several alternative services are available including foundation services, such as Home Box Office and Showtime, and differentiated services such as Cinemax, The Movie Channel and the Disney Channel. A high proportion of multiple pay service subscribers has been established and maintained, indicating that the subscriber's appetite for pay TV is both strong and constant.

*THE DISNEY CHANNEL
This programming service has great appeal to family audiences proving again that cable has something for everyone.*





The Home Entertainment Industry

Building A Home Entertainment Industry

The home entertainment industry began as a vision of an electronic pipeline bringing a variety of informational, educational and recreational services to people at home. The transformation of this vision into a viable service industry is being accomplished through the pragmatic efforts of cable companies to build and develop multi-channel broadband communications systems in North American Cities. This is not a simple process. The successful implementation of each service requires skill, tenacity

and a keen appreciation of what is commercially feasible. In this situation, the ability to merge technical innovation with market reality is all important. This understanding is central to the Company's business strategy and is inherent in each step forward in new service development. It is both part of a personal and family tradition exemplified by the Company's CEO, Ted Rogers, and is a problem solving attitude which permeates all management thinking.

Toronto's Ted Rogers, Sr. invented the world's first battery-less radio in 1925 (right). It sold in the hefty \$125 range. This model features a Stewart-Warner art deco speaker typical of the Roaring '20s.



The 1939

ROGERS

"Just plug in - then tune in"

"No Stoop, No Squint"

Edward Samuel Rogers



CFTR, part of the Rogers Radio family, is one of Toronto's foremost AM radio stations today.



Rogers and home entertainment

New home entertainment services are created by identifying a consumer need and finding the appropriate technology to meet it. This insight, combined with sound business management, is now a tradition within the Rogers family. In 1921, Edward S. Rogers became the first Canadian amateur radio operator to successfully transmit a radio signal across the Atlantic. Some years later he realized that radio communications could be more effective for home entertainment and information if a receiver could be developed that would use ordinary household current instead of heavy and cumbersome batteries. Overcoming the skepticism of his time, he invented an alternating-current tube which revolutionized the world of radio. In 1926 he created the Standard Radio Manufacturing Company, later Rogers Majestic Corporation, which manufactured the first "Batteryless" radios. The following year Rogers converted his radio transmitter into the world's first electric batteryless radio broadcasting station. This later became CFRB - one of the most powerful radio stations in Canada.

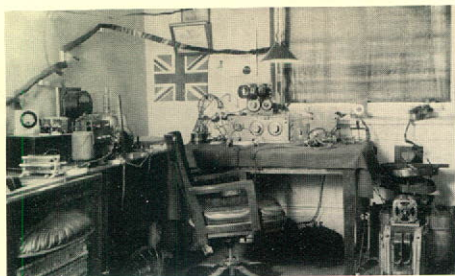
The Rogers creativity in communications development is affirmed by the founder and Chief Executive Officer of Rogers Cablesystems Inc., Ted Rogers. Some 30 years after his father's invention of the

batteryless radio, Rogers acquired CHFI-FM, Canada's first FM radio station. He saw a public need for high fidelity radio entertainment which could not be provided by the conventional AM stations. As with his father, Rogers faced considerable skepticism in developing this new service. FM radio was generally regarded as a toy rather than as a valid communications medium and the high cost of FM receivers appeared to limit the commercial potential. However Rogers was able to persuade a Canadian manufacturer to fabricate a low cost FM receiver which was directly marketed by the station. The venture was successful and CHFI-FM later became the first 24 hour FM station in Canada, instrumental in the general popularization of FM radio.

In developing cable television in Canada and the U.S., Rogers has applied the same ability to identify and meet consumer communication and entertainment needs. In 1968 he built Rogers Cable TV of Toronto, one of the first major market cable television systems in Canada, and one which has subsequently become the largest single cable system in the world. Many of the programming ideas that are now considered an intrinsic part of cable television were developed and refined in this system which remains today the flagship of Rogers Cablesystems Inc.



Rogers Experimental 15-S. The world's first AC-tube, 1925.

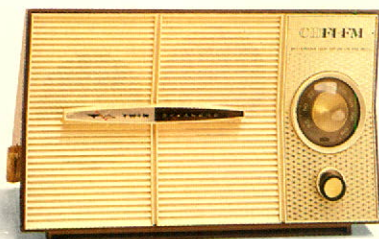


An early laboratory of Ted Rogers, Sr. at 103 Poplar Plains Road, Toronto.

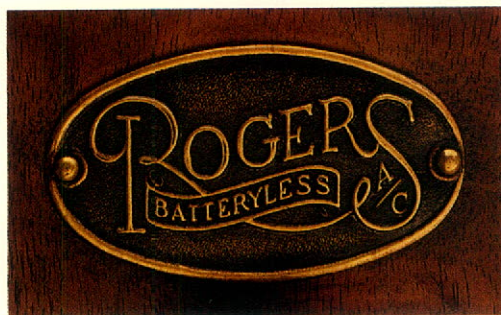
DE LUXE RADIOS



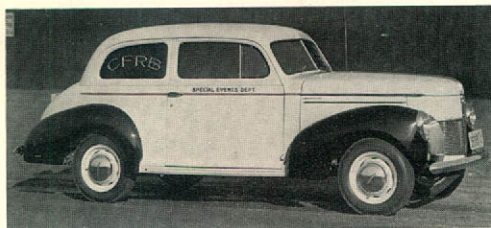
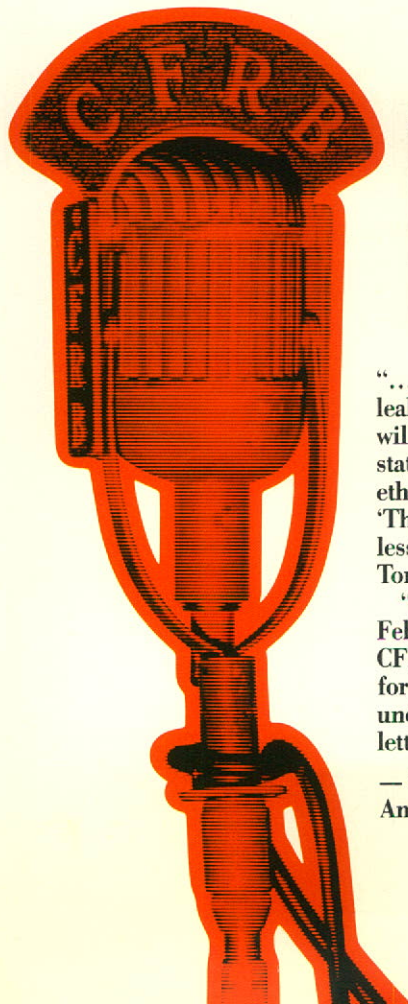
CHFI-FM Promotional Radio. Manufactured for CHFI by Westinghouse.



An assortment of early experimental tube designs that were later sold throughout North America.



STANDARD RADIO MANUFACTURING CORPORATION LIMITED, TORONTO

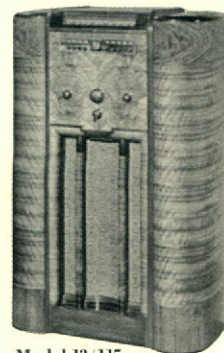


"...then the news leaked out, as news will, that a new radio station would take the ether, to be known as 'The Rogers Batteryless Station, CFRB, in Toronto'.

"On the night of February 19, 1927, CFRB went on the air for the first time under its official call letters..."

— CFRB Yearbook And Radio Log, 1937.

The CFRB (Radio) Special Events Department used this sleek Studebaker to cover news and local events as they happened.



Model 13/115

"It is a revelation in a radio receiver, as well as a musical instrument. It embodies every known engineering and artistic development in radio."

— A description of the Model 13/115 (above) from the 1939 Rogers Catalogue.



MTV – One of the fastest growing cable satellite services in the U.S. Conceived by 30 year old programming visionary Robert Pittman, its popularity with teenagers and young adults is enormous.



Creating a marketing company

Before the introduction of pay TV and other discretionary services, cable service consisted of delivering to subscribers broadcasting signals with a quality that was not achievable through off-air reception. In providing these signals a cable company conducted its business without much need for active consumer marketing. As attractive new services became available, this situation changed, first in the U.S. and then in Canada. The relationship between the cable operator and consumer shifted from order taking to selling and cable became a marketing business. The success of the industry in the future will depend on how effectively it is able to develop and retail an expanded selection of services. The company recognizes this trend and is actively developing new marketing strategies and concepts.

Evidence of the transformation can be seen throughout the Company's operations. In Toronto and Vancouver, cable centers have been opened, where subscribers can see



A cable store in Toronto. Here, Myrna Pilgrim, (R), Marketing Manager of Retail Operations, discusses the array of offerings available to cable TV subscribers.

new cable products, pick up pay TV decoders, order services and pay their bills. Across Canada, the Company's launch of pay TV has been accompanied by the introduction of a special "barker channel" providing specialized promotion for the new services.

Extensive market research is conducted to help plan and guide pay TV marketing activities including the use of direct sales, direct mail, telemarketing and media advertising in different combinations to inform and attract the cable subscribers.

In Canada the introduction of pay TV, and soon specialty services, will help strengthen sales of FM audio services and extra outlets, both of which are significant revenue generators. FM service provides a means of delivering a stereo audio signal with pay TV and satellite music services and will become increasingly important as integrated stereo, component video and large screen television sets gain greater market acceptance. The underlying trend of consumer demand is toward higher quality home entertainment hardware which can provide better image resolution, stereo sound and enhanced control capabilities.

Controlling the home entertainment centre

The development of new home entertainment services is paralleled by a subscriber requirement for more efficient and versatile keypads permitting service selection and control. In particular there is an increasing consumer preference for wireless remote control units which can activate the TV receiver as well as the channel converter and associated pay TV decoder. The Company has chosen to use the Z-Tac addressable system manufactured by Zenith as its principal converter and pay TV control device and was closely involved in its development. The Z-Tac is a baseband converter/decoder which permits remote control of both channel selection and audio volume. A standalone Zenith decoder known as the Tac-Along is also made available in Canada where cable subscribers are able to purchase converters from a variety of retail outlets, instead of leasing them from the cable operator. The Company has been instrumental in the decision of Zenith to open a Canadian manufacturing plant for the production of Z-Tac converters and Tac-Alongs.

The Company is currently active in converter leasing, and anticipates continued activity in this business as more sophisticated control hardware is introduced. In the future many

Culture Club



Rush



Romantics



Sales of rock music have soared this year – largely on the basis of the music video explosion.

subscribers will replace their existing TV receivers with cable ready sets featuring built-in converters. Standards for a new generation of cable ready TV receivers are being developed to permit direct connection of pay TV decoders. This will eliminate the frustrations of those subscribers who are unable to use the remote control features of their existing TV sets for pay TV reception. As component television becomes more widespread, additional equipment leasing business opportunities will develop for the cable operator such as leasing video tuners with built in pay TV decoders and stereo outputs.

Two-way services

The Company has introduced two way capability into many of its systems in Canada and the U.S. and is regarded as a world leader in the development of interactive cable technology. While such technology has long been regarded as the future of cable, many early notions of a "Wired City" were, and remain today, overly optimistic. Management's approach in this area is to emphasize practical two-way applications which are commercially viable in today's marketplace. Two services stand out in this regard: alarm and security services and pay per view programming.

Alarm services have been under investigation by the Company for several years. An experimental alarm service was introduced into the Syracuse, New York system in 1981 to test a variety of security services using area-multiplexed two-way technology developed by the Company. Following successful tests in 1982, commercial alarm service was introduced in the Syracuse system in 1983. The system provides low cost security services to Syracuse residents using proprietary technology developed by the Company. These services incorporate a direct interface with the fire and police

departments and an auto-dial system which helps reduce the incidence of false alarms. An independent evaluation of the service estimated its reliability at greater than 99%. The service has been well received and has been credited with saving lives. At fiscal year end approximately 1,000 subscribers were taking the service, which is priced at between \$8.00 and \$15.00 per month.

Pay per view services are offered by the Company's systems in Portland, Oregon, Southwest Minneapolis, Minnesota and Southern California. Two-way technology makes possible impulse purchase of pay per view programming, greatly increasing the attractiveness of the service to subscribers. In Portland, for example, pay per view trials have shown that as many as 50% of orders for any single program are called in during the last two hours before showtime and that half of these occur in the last 30 minutes. Handling such an uneven demand load through the telephone system is both technically difficult for the system and frustrating for the subscriber. Two way terminals in use in Portland now permit subscribers to directly order a program by pressing buttons on the converter keypad. This has dramatically improved pay per view results and, on average, one in five subscribers now tunes in to a U.S. \$5.00 pay per event program each month. While this is considered successful, special events priced at up to U.S. \$15.00 each can attract even higher audiences.

Home computer services

The implementation of transactional services via cable represents a quantum leap for the industry. Such services will ultimately permit fully interactive shopping, banking and educational services. The Company believes that the key to these services is the home computer. It is estimated that over 3 million

The motion picture industry had only a few major hits this year. But the number of motion pictures produced increased significantly because of pay television revenues.

Annie

THE KING OF COMEDY

The Year of Living Dangerously

home computers are now in use in North America, a number expected to grow to approximately 40 million by 1987. Cable will become an integral part of this growth industry because it offers two significant advantages for home computer users: it can both provide the means of interconnection between two or more computers, making possible a spectrum of computer-communication services, and can also act as a programming source by downloading software to home computer terminals. The Company will be actively experimenting with cable-computer services in the Portland area.

An important step toward these services is represented by the Company's trial implementation of home computer interconnection in its Vancouver system. This trial will permit the Company to test innovative cable-computer services such as the NABU network which makes possible a variety of interactive applications. In the future this technology could permit fully transactional services in which the cable subscribers will directly interact with distant data bases or computers. The service to be initially offered will permit subscribers to use many different computer programs including educational and personal productivity programs as well as information-oriented programs and video games.

Competition in home entertainment

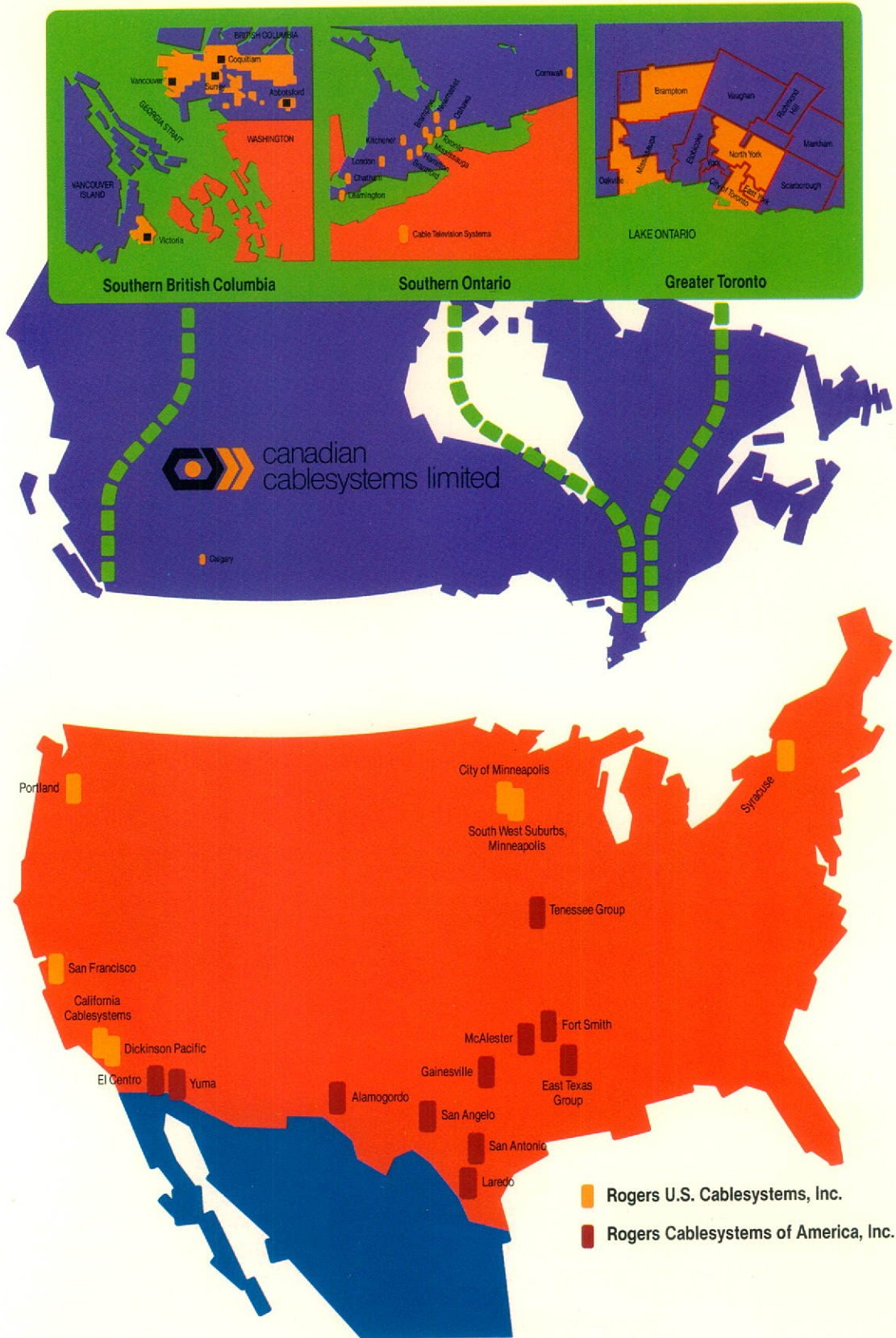
While two-way and home computer services are an important part of the future, the ability of the Company to successfully implement these services depends on profits generated from its present business: retailing entertainment programming. It is therefore vitally important that the Company be able to maintain adequate profit margins in the basic business as the environment becomes increasingly competitive. Many different technologies are becoming available for the delivery of home entertainment including videocassette recorders, satellite master antenna systems, multipoint distribution systems, over the air subscription television and direct broadcast satellites. In this situation it is essential that cable be permitted to compete on an even footing; which means

being able to offer its services according to market conditions and without regulatory constraints.

In the U.S. the Company is currently facing substantial wholesale price increases in pay TV and specialized satellite services. In addition, many of the satellite services that were originally available from suppliers free of charge must now be purchased. Where franchise agreements currently prevent passing these costs on to subscribers, the Company is actively seeking regulatory relaxation. Management is encouraged by the Senate approval in June 1983 of Bill S66 and by recent steps taken by the FCC toward rate deregulation of tiered services involving satellite signals.

While regulatory authorities in Canada have also acknowledged competitive pressures on the cable industry, the elements of a freely competitive home entertainment market are not yet in place. Cable is treated by the regulator as a monopoly even though technological advances have transformed the business environment. Cable today is one of several technologies competing for the home entertainment dollar, and the cable industry neither seeks nor requires protection from such competition. While the technological challenges are significant, we believe that channel-abundant cable remains that most efficient and versatile delivery system. However unless cable operators are able to offer the same services provided by competing services, the consumer benefits provided by cable cannot be realized. It is therefore essential that the regulator permits all services currently available through direct earth station reception to be also carried by cable. In particular the U.S. satellite services carried by unlicensed SMATVs must be authorized for cable distribution rapidly and without qualifying conditions. While a delay in the introduction of these services may be necessary to accommodate the licensing of Canadian specialty networks, cable operators must be free to introduce both U.S. and Canadian satellite services without restriction if a fully competitive system is to exist.

Areas Of Operation



FINANCIAL REVIEW

FINANCIAL AND OPERATING REVIEW

The Company's primary growth phase was essentially concluded in fiscal 1982. In addition to the introduction of pay television in Canada, which is described elsewhere, the latest fiscal year's efforts were concentrated in the building of the U.S. cable systems in the franchised areas awarded to the Company, and in dividing the assets and liabilities of the previously 51% owned, Rogers UA Cablesystems, Inc. (RUAC). This division was completed on August 31, 1983, and the Company's interest in the cable systems retained is now held through Rogers Cablesystems of America, Inc. (RCA).

New Franchises and Subscribers

Rogers U.S. Cablesystems, Inc. (RUSCI) obtained two additional United States cable franchises in 1983, both of which were applied for in earlier years. This added 175,000 additional homes under franchise, 95,000 from the northern half of the City of Minneapolis and 80,000 in the suburbs of Portland, Oregon in Multnomah County. Both of these areas are contiguous to other RUSCI cable franchises.

The subscriber position at August 31, 1983 is shown by the following table which represents 100% of subscribers in all systems in which the Company holds an interest. The table also reflects the RUAC division.

	Basic Cable Subscribers <small>(penetration of homes passed)</small>	Pay TV Units <small>(pay to basic cable penetration)</small>	Homes Passed by Cable	Homes in Licensed or Franchised Areas <small>(Estimate)</small>
CANADA	1,316,000 (84%)	139,000 (11%)	1,565,000	1,584,000
UNITED STATES				
Rogers U.S. Cablesystems, Inc. (RUSCI)	154,000 (40%)	232,000 (150%)	385,000	745,000
Rogers Cablesystems of America, Inc. (RCA)	307,000 (63%)	374,000 (122%)	484,000	524,000
	<u>461,000</u>	<u>606,000</u>	<u>869,000</u>	<u>1,269,000</u>
IRELAND	110,000 (77%)	— —	143,000	148,000
	<u>1,887,000</u>	<u>745,000</u>	<u>2,577,000</u>	<u>3,001,000</u>

The Company's Canadian cable systems are fully constructed, and are wholly owned except for a 45% interest in Western Cablevision Limited in British Columbia, which had 87,000 basic cable subscribers and 5,700 Pay TV units as at August 31, 1983. The Company owns 100% of the RCA systems, and varying portions of the RUSCI cable systems which, other than the Minneapolis system, range from 50% to 100%. The Minneapolis cable system has been structured as a tax advantaged limited partnership and the Company initially has a nominal interest in the system. This interest will automatically increase from the present level to 50% when the cable system reaches certain cumulative profit and cash flow levels. Until those targets are met, the Company's interest in the partnership will be accounted for using the equity method. The Company has operating control of the Minneapolis and all of its other cable operations and, in addition, receives management fees.

F I N A N C I A L R E V I E W

Subscriber growth is summarized on the five year Cable Subscriber Growth chart broken down into the four geographic areas of activity. Canadian basic cable subscribers increased by 30,000 from 1982, 22,000 from additional homes passed and 8,000 from an increase in cable penetration from 83.6% to 84.1%. Nineteen thousand were added in the Ontario systems and 11,000 in the British Columbia and Alberta systems. In addition, the Canadian systems added 139,000 Pay TV units from February 1, 1983 when pay television was introduced into Canada.

In the United States, basic cable subscribers in which RUSCI holds an interest increased from 94,000 to over 154,000 and Pay TV units increased from 132,000 to 232,000. Basic cable penetration remained at approximately 40%, but Pay TV penetration increased by over 10% to 150% of basic cable subscribers. The major increases resulted from new subscribers added in newly franchised areas under construction. Of the 60,000 increase in basic cable subscribers and the 100,000 increase in Pay TV units, the Portland system accounted for an increase of 24,000 basic cable subscribers and 40,000 Pay TV units, the Minneapolis suburban cable system 9,000 basic cable subscribers and 9,000 Pay TV units, and the southern California systems 26,000 basic cable subscribers and 49,000 Pay TV units. In the fall of 1983, cable construction was substantially completed in the 50% owned Huntington Beach cable system in Orange County, California serving 37,000 basic cable subscribers and 56,000 Pay TV units, and the 100% owned Southeast Cities cable systems near Los Angeles serving 14,000 basic cable subscribers and 29,000 Pay TV units. Construction has recently been completed in the Portland, Oregon system. Construction has recently commenced in the City of Minneapolis cable system franchise (which contains approximately 170,000 homes) and in the Multnomah County, Oregon system (which contains 80,000 homes). Construction completion for the Minneapolis cable system is expected by mid 1985, and by November, 1985 for Multnomah County.

The growth in 1983 of the cable systems retained on the division of RUAC amounted to 40,000 basic cable subscribers and 64,000 Pay TV units. Substantially all of the growth was due to the San Antonio, Texas system which recently completed construction. Basic cable penetration in the RCA systems increased from 59% to 63% and Pay TV penetration from 116% to 122%. The RCA systems are now all fully constructed.

Division of Rogers UA Cablestems, Inc. (RUAC)

As mentioned earlier, the Company previously owned a 51% interest in Rogers UA Cablestems, Inc. whose cable systems were concentrated in the U.S. southwest and northeast. The cable systems of this company were divided between the shareholders on August 31, 1983 with eleven U.S. southwest cable groups being retained by the Company. These systems are centered on San Antonio Texas, where the largest cable system is located. The San Antonio cable system had 164,000 basic cable subscribers and 291,000 Pay TV units at August 31, 1983. The remainder of the 307,000 basic cable subscribers and 374,000 Pay TV units obtained on the distribution are located in other municipalities in Texas and six other southern states.

Because the division of RUAC was completed on August 31, 1983, the Company's Consolidated Statements of Income and Changes in Financial Position include 100% of the results of RUAC with an appropriate deduction for the 49% minority interest for the periods up to and including August 31, 1983. However, the August 31, 1983 Consolidated Balance Sheet of the Company reflects the RUAC division and includes only those assets and liabilities retained by the Company.

Beginning in 1984, the consolidated financial statements will include only the results of the operations retained by the Company. Since these operations represent only approximately half of RUAC, there will be a significant decline from this area of the Company, in revenues, operating profit, minority interest and other financial statement components.

FINANCIAL REVIEW

Change in Accounting Policy

The Company has changed its policy of accounting for gains and losses resulting from the translation of amounts denominated in foreign currencies. This change, which has been adopted retroactively, was instituted to conform with the Canadian Institute of Chartered Accountants most recent recommendations on accounting for foreign currency translation.

Under the new recommendations, foreign currencies of self sustaining foreign subsidiaries are translated at the year end rate of exchange and any gains or losses as a result of the translation are deferred and shown as a separate component of shareholders' equity. These new rules are more fully described in note 1 of the Company's Consolidated Financial Statements.

Financial Results

(a) Operations summary

The following is a summary by region:

	Canada	United States	Ireland	Other	Total
Revenue	\$147,153	\$211,578	\$5,466		\$364,197
Revenue, Net of					
Pay TV Costs (\$000's)	\$138,754	\$170,687	\$5,466		\$314,907
Per subscriber	\$ 112.02	\$ 237.47	\$49.66		
Operating Costs (\$000's)	\$ 85,469	\$100,345	\$3,830	\$(493)	\$189,151
Operating Income (\$000's)	\$ 53,285	\$ 70,342	\$1,636	\$ 493	\$125,756
Per subscriber	\$ 43.53	\$ 97.86	\$14.86		
Percent of net revenue	38.4%	41.2%	29.9%		
Capital expenditures (\$000's)	\$ 44,600	\$137,500	\$ 400		\$182,500

(b) Canadian Operations

Net revenue increased by \$22 million from 1982, an increase of 19%. Of this increase, \$8.8 million resulted from pay television which commenced operations February 1, 1983, \$3.1 million resulted from increased converter rentals and \$11.3 million from an increase in revenue from basic cable. Other revenue declined by \$1.2 million.

Annual net revenue per subscriber (excluding hotel pay television and miscellaneous revenue for engineering services) amounted to \$112.02, up from \$95.46 in 1982. Of this \$16.56 increase, \$7.25 resulted from pay television, \$6.96 from basic cable revenue and \$2.35 from converter revenue.

Operating income increased to \$53.3 million (38.4% of net revenue) from \$40.4 million (34.8% of net revenue) in 1982. The increase in margins resulted primarily from pay television revenue, and from operating expenses as a percentage of revenue other than pay television remaining at the same level as 1982. Annual operating income per subscriber increased to \$43.53 in 1983 from \$33.96 in 1982.

Capital expenditures in 1983 amounted to \$44.6 million, a decrease of \$2.7 million from the 1982 expenditures of \$47.3 million. This decrease was achieved even though the 1983 expenditures included \$14 million for pay television equipment.

(c) United States Operations

- (i) Rogers U.S. Cablestems, Inc.
 Net revenue of RUSCI increased by \$18.6 million from 1982 to \$36.5 million in 1983, a 104% increase. This increase resulted primarily from revenue generated by new cable subscribers attributable to cable construction. Annual net revenue per subscriber amounted to \$293.49 as compared to \$258.03 in 1982 resulting from higher revenues per subscriber in the newly constructed systems.

Operating income increased to \$11.5 million in 1983 from \$6.9 million in 1982. Annual operating income per subscriber amounted to \$92.07 in 1983, down from the 1982 amount of \$99.26.

Capital expenditures amounted to \$61 million in 1983, down slightly from the 1982 expenditure of \$68 million. This decrease resulted primarily from completion of cable construction in certain RUSCI's cable systems.

- (ii) Rogers Cablesystems of America, Inc.
 As detailed earlier, the Company's results include those of RUAC which was owned for the entire 1983 fiscal year, and for the last nine months of fiscal 1982.

RUAC's net revenue increased by 64% from \$81.9 million in 1982 to \$134.2 million in 1983. Annual net revenue per subscriber increased to \$225.74 from \$213.50 in 1982. Operating income increased to \$58.9 million (a 44% margin and \$99.08 per subscriber) from \$35.1 million (a 42.8% margin and \$91.38 per subscriber) in 1982. Capital expenditures amounted to \$77 million as compared to \$66 million in 1982.

Net Income

Consolidated interest expense increased to \$80.4 million from \$65.5 million in 1982 largely resulting from an increase in the amount of funds borrowed to finance construction. This includes 100% of the interest expense of the previously 51% owned RUAC, which amounted to \$22.7 million in 1983, up from \$13.0 million in 1982. The remainder of the increase in interest expense resulted from higher loans for RUSCI construction offset partially by lower interest rates.

Depreciation expense also increased to \$59.6 million, up from \$39.5 million in 1982.

The loss before extraordinary items amounted to \$15.1 million (84¢ per share) as compared to \$9.9 million (65¢ per share) in 1982, as restated. This restatement is described in note 2 of the Consolidated Financial Statements.

Funds received from operations increased to \$48.7 million from \$30.4 million in 1982 as a result of increased operating income partially offset by increased interest expense and other items described above. Capital expenditures amounted to \$182.5 million as compared to \$177.2 million in 1982.

Financing

The 1983 year was an active one for the Company in terms of financing. As part of its strategy to restructure its debt, the Company has raised over \$600 million during the last 18 months in a number of forms including long-term fixed rate debt, bank loans, interest exchange agreements, (swaps) and limited partnership equity. The funds were raised for various purposes including project financing, "rolling" floating rate loans into fixed rate, and to refinance existing credit lines.

FINANCIAL REVIEW

Long term debt is summarized as follows:

	August 31	
	1983	1982
	\$000's	
The Parent Company	\$142,523	\$128,603
Canadian Cablesystems Limited	248,566	210,139
Rogers U.S. Cablestems, Inc.	130,565	71,188
Rogers Cablesystems of America, Inc.	113,202	161,602
Dublin Cablesystems Limited	2,509	3,330
	<u>\$637,365</u>	<u>\$574,862</u>
Floating rate debt	\$222,260	\$513,539
Fixed rate debt	415,105	61,323
	<u>\$637,365</u>	<u>\$574,862</u>

Complete details of the major loans are shown in note 8 of the Company's consolidated financial statements.

As the table indicates, total long term debt increased by \$62.5 million from 1982. Of this increase, \$59.4 million resulted from increased loan levels in RUSCI, and \$52.3 million from increased loans in the Parent Company and Canadian Cablesystems Limited offset by a decrease in RCA of \$48.4 million and \$0.8 million in Dublin Cablesystems Limited.

The increase in RUSCI and the Parent Company resulted from loans for construction financing in the RUSCI cable systems as well as debt service charges.

The 1982 RCA debt of \$161.6 million represented 100% of the debt of RUAC. The Company's 51% share of that debt in 1982 amounted to \$82.4 million. The current year amount of RCA debt of \$113.2 million represents the bridge financing obtained in connection with the division of RUAC.

Two steps were taken during 1983 to protect the Company from any future increases in short term interest rates. Firstly, in the spring of 1983, the Company's Canadian subsidiary issued three debt instruments in the United States totalling approximately U.S. \$181 million. These long term debt instruments have fixed rates for five and six years for approximately U.S. \$31 million and for 15 years for the remaining U.S. \$150 million. The 15 year loans require sinking fund payments beginning in 1990. The proceeds of this financing were used to repay floating rate bank loans.

Secondly, three separate interest rate exchange agreements (swaps) were arranged totalling U.S. \$98 million, for terms ranging from three to seven years. These swap agreements have resulted in the Company changing a like amount of its floating rate bank debt to fixed rates. The agreements stipulate that the parties periodically pay each other the net difference between a fixed rate amount, and the amount of interest based on the then current floating rates. This results in the Company's total interest expense over the terms of the agreements on this amount of debt remaining fixed at the agreed rate.

The Company has recently completed financing for its Minneapolis cable system construction, and is currently completing bank financing and has completed equity financing for the

F I N A N C I A L R E V I E W

Multnomah County, Oregon cable system construction. Both financings were arranged as a combination of sale of limited partnership units, bank financing and equity contributions by the Company. The limited partners in Minneapolis will contribute U.S. \$25 million of equity over the term of cable construction and the Company U.S. \$3 million. The bank line of credit arranged for Minneapolis amounts to U.S. \$55.8 million. The third party limited partners for Multnomah County will contribute U.S. \$3.74 million of equity over the term of cable construction, and the Company U.S. \$6.26 million. The bank loan arranged for Multnomah County amounts to U.S. \$25.2 million.

During fiscal 1983, the Company arranged fixed rate institutional debt financing for Syracuse Cablesystems amounting to U.S. \$11 million. The proceeds were used to repay floating rate bank loans. It is anticipated that the other RUSCI cable systems will be refinanced in this manner as the cable systems become mature to fix the interest rates and extend the maturity and defer principal repayments on loans in those cable systems.

In addition, the Company is currently negotiating a refinancing of the U.S. \$100 million RCA bank line of credit expiring September 30, 1984 and the Company's U.S. \$115 million bank line of credit expiring September 1, 1984.

Other than the bank financing for Multnomah and the renegotiation of the loans described above, the Company is now in the position of having agreements in place to finance all of its cable construction in the U.S. and Canada. The consolidated debt of the Company will continue to grow over the next year as the U.S. construction projects continue to draw on their credit lines. However, the debt increase will decelerate significantly, from the levels experienced in the prior years.

FINANCIAL STATISTICS

FIVE YEAR FINANCIAL HISTORY

	1979	1980	1981	1982	1983
	\$000's except per share amounts				
Income & Cash Flow					
Revenue	\$ 39,715	\$ 70,030	\$109,625	\$244,396	\$364,197
Operating income	16,246	22,250	36,959	85,068	125,756
Income (loss) before following Equity in earnings of Famous Players	4,324	1,654	334	(9,942)	(15,066)
Income (loss) before extraordinary items	5,484	6,902	2,424	—	—
Cash flow from operations	\$ 9,808	\$ 8,556	\$ 2,758	\$ (9,942)	\$ (15,066)
Capital expenditures	\$ 14,833	\$ 17,614	\$ 21,844	\$ 30,373	\$ 48,717
	17,030	32,409	70,332	177,216	182,532
Balance Sheet					
Fixed assets	\$ 44,883	\$135,022	\$185,465	\$543,291	\$530,602
Investments	38,597	55,430	98,796	55,988	54,045
Other assets	16,218	29,354	35,470	48,036	65,648
Goodwill, subscribers & deferred charges	26,072	86,079	98,657	257,820	264,090
	<u>\$125,770</u>	<u>\$305,885</u>	<u>\$418,388</u>	<u>\$905,135</u>	<u>\$914,385</u>
Long term debt	\$ 15,323	\$128,542	\$167,198	\$574,862	\$637,365
Subscriber prepayments and other payables	13,357	40,291	49,160	93,091	100,069
Deferred taxes	6,612	15,059	21,032	21,654	18,127
Minority interest	872	4,626	3,526	44,404	4,933
Equity	89,606	117,367	177,472	171,124	153,891
	<u>\$125,770</u>	<u>\$305,885</u>	<u>\$418,388</u>	<u>\$905,135</u>	<u>\$914,385</u>
Average shares outstanding					
(thousands)	16,288	17,418	20,561	22,037	22,126
Per share					
Income (loss) before extraordinary items	\$.60	\$.49	\$.09	\$ (.65)	\$ (.84)
Cash flow from operations	.91	1.01	1.06	1.38	2.20
Shareholders' equity***	5.47	6.09	6.37	5.72	4.88
Share price*					
Canada Class A high (\$Cdn)	\$ 7.13	\$19.50	\$17.88	\$10.00	14.88
low	4.25	5.38	6.38	5.13	8.25
Class B high	6.50	17.00	16.25	9.88	15.00
low	6.25	5.50	6.38	5.25	8.13
U.S.** Class A high (\$U.S.)	—	16.88	—	—	—
low	—	4.50	—	—	—
Class B high	—	14.75	13.25	8.38	12.25
low	—	4.38	5.63	4.00	6.50
Subscribers					
Cable subscribers	503,000	1,301,000	1,398,000	2,046,000	1,887,000
Homes passed	664,000	1,597,000	1,732,000	2,948,000	2,577,000

*Calendar years to November 30, 1983 **Representative lowest bid prices and highest ask prices

***Excluding preferred shares

FINANCIAL STATISTICS

CABLE SUBSCRIBER GROWTH (represents all cable systems in which the Company presently holds an interest)

	CANADA	UNITED STATES		IRELAND	TOTAL	
		RUSCI**	RCA**			TOTAL
1983						
*Homes in licensed areas	1,584,000	745,000	524,000	1,269,000	148,000	3,001,000
Homes passed by cable	1,565,057	385,376	483,824	869,200	142,578	2,576,835
Subscribers	1,315,956	154,457	306,621	461,078	110,418	1,887,452
Penetration	84.1%	40.1%	63.4%	53.0%	77.4%	73.2%
Pay TV subscription units	138,952	231,502	374,159	605,661	—	744,613
Penetration	10.6%	149.9%	122.0%	131.4%	—	39.5%
1982						
*Homes in licensed areas	1,555,000	568,000	517,000	1,085,000	147,000	2,787,000
Homes passed by cable	1,537,612	234,425	450,834	685,259	141,059	2,363,930
Subscribers	1,285,898	94,374	266,392	360,766	109,710	1,756,374
Penetration	83.6%	40.3%	59.1%	52.6%	77.8%	74.3%
Pay TV subscription units	—	131,802	310,040	441,842	—	441,842
Penetration	—	139.7%	116.4%	122.5%	—	25.2%
1981						
*Homes in licensed areas	1,500,000	379,000	509,000	888,000	138,000	2,526,000
Homes passed by cable	1,485,554	109,244	336,987	446,231	137,236	2,069,021
Subscribers	1,243,692	44,206	209,473	253,679	109,867	1,607,238
Penetration	83.7%	40.5%	62.2%	56.8%	80.1%	77.7%
Pay TV subscription units	—	50,447	197,253	247,700	—	247,700
Penetration	—	114.1%	94.2%	97.6%	—	15.4%
1980***						
*Homes in licensed areas	1,455,000	170,000	485,000	655,000	137,000	2,247,000
Homes passed by cable	1,437,997	65,000	245,677	310,677	136,389	1,885,063
Subscribers	1,200,131	27,427	155,359	182,786	107,099	1,490,016
Penetration	83.5%	42.2%	63.2%	58.8%	78.5%	79.0%
Pay TV subscription units	—	22,042	106,845	128,887	—	128,887
Penetration	—	80.4%	68.8%	70.5%	—	8.7%
1979						
*Homes in licensed areas	1,600,000	65,000	175,000	240,000	133,000	1,973,000
Homes passed by cable	1,580,851	31,540	164,575	196,115	132,994	1,909,960
Subscribers	1,280,436	10,320	118,375	128,695	102,667	1,511,798
Penetration	81.0%	32.7%	71.9%	65.6%	77.2%	79.2%
Pay TV subscription units	—	9,241	46,112	55,353	—	55,353
Penetration	—	89.5%	39.0%	43.0%	—	3.7%

*Estimate **Rogers U.S. Cablesystems, Inc. Rogers Cablesystems of America, Inc.

***136,478 subscribers sold in 1980 as a result of cable boundary realignments in Ontario, Canada

FINANCIAL STATISTICS

SHARE PRICE AND VOLUME (CALENDAR YEAR)

TORONTO AND MONTREAL STOCK EXCHANGES (\$CDN)	High	CLASS A Low	Shares Traded	High	CLASS B Low	Shares Traded
1982 1st quarter	10.00	6.88	288,390	9.88	6.75	422,120
2nd quarter	9.00	5.75	101,940	9.00	5.88	229,300
3rd quarter	9.00	5.13	106,400	9.00	5.25	394,900
4th quarter	9.75	7.00	168,731	9.88	7.00	458,522
1983 1st quarter	13.25	8.25	200,164	10.38	8.13	1,431,870
2nd quarter	14.88	11.63	200,136	15.00	11.63	1,515,104
3rd quarter	14.00	10.00	123,026	14.13	10.38	1,739,271
October & November	11.00	9.25	67,250	11.00	10.00	559,656
NASDAQ (\$US)*						
1982 1st quarter				8.38	5.38	2,119,365
2nd quarter				7.31	4.56	1,234,565
3rd quarter				7.38	4.00	1,566,599
4th quarter				8.00	5.75	2,214,313
1983 1st quarter				10.88	6.50	2,442,932
2nd quarter				12.25	9.38	2,060,367
3rd quarter				11.50	8.38	1,101,526
October & November				9.00	7.88	511,238

*Over-the-counter market. Representative lowest bid prices and highest ask prices.

FINANCIAL STATEMENTS

ROGERS CABLESYSTEMS INC. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED AUGUST 31, 1983

	<u>1983</u>	<u>1982</u>
	<u>\$000's</u>	
Revenue		
Cable services	\$227,348	\$173,541
Rental of converters	17,695	12,388
Pay television	119,154	58,467
	364,197	244,396
Less cost of pay television	49,290	22,982
	314,907	221,414
Operating, general and administrative expenses	189,151	136,346
Operating income	× 125,756	× 85,068
Depreciation and amortization	59,594	39,510
Interest on long-term debt	80,123	64,242
Other interest	287	1,219
	(14,248)	(19,903)
Gain on sale of tax benefits		6,715
Share of losses of associated companies	(319)	(344)
Other expense	(1,296)	(2,103)
Investment income	6,148	5,324
Loss before the undernoted items	9,715	10,311
Income taxes		
Current (recovery)	1,481	(368)
Deferred reduction	(1,611)	(4,187)
	(130)	(4,555)
Loss before minority interest and extraordinary item	9,585	5,756
Minority interest in income of subsidiary companies	5,481	4,186
Loss before extraordinary item	15,066	9,942
Extraordinary item		2,784
LOSS FOR THE YEAR	\$ 15,066	\$ 7,158
LOSS PER SHARE (note 10)		
Before extraordinary item	\$0.84	\$0.65
Loss for the year	\$0.84	\$0.53

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 YEAR ENDED AUGUST 31, 1983

	<u>1983</u>	<u>1982</u>
	<u>\$000's</u>	
SOURCE OF FUNDS		
Operations		
Loss before extraordinary item	\$(15,066)	\$ (9,942)
Items not affecting funds		
Depreciation	56,038	36,717
Amortization	3,556	2,793
Deferred income tax reduction	(1,611)	(4,187)
Share of net losses of associated companies	319	528
Minority interest in income of subsidiary companies	5,481	4,186
Loss on disposal of shares of Gulf + Western Industries, Inc.		278
	<u>48,717</u>	<u>30,373</u>
Proceeds on sale of shares of Gulf + Western Industries, Inc. and Williams Electronics Inc.		40,609
Issue of shares	2,702	8,213
Increase in accounts payable and accrued expenses, income taxes payable, dividends payable and prepayments for services	34,951	44,961
Minority interest's investment in subsidiary companies		4,946
Proceeds on sale of other investments		5,340
Decrease in other investments	1,695	
Increase in long-term debt	148,649	270,930
Decrease in other assets	1,667	
Transfer of current income taxes to deferred income taxes		3,816
Foreign currency translation adjustment	860	
	<u>239,241</u>	<u>409,188</u>

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(continued)

YEAR ENDED AUGUST 31, 1983

	1983	1982
	\$000's	
USE OF FUNDS		
Purchase of shares of Rogers UA Cablesystems, Inc.		\$170,160
Increase in accounts receivable, notes receivable, inventories and prepaid expenses	\$ 3,920	3,951
Additions to fixed assets	182,532	177,216
Deferred charges	23,815	14,989
Investment in film production ventures	171	133
Dividends paid and payable	3,521	7,493
Increase in other assets		6,013
Purchase of shares of General Cable T.V. Limited		24,000
Dividends paid to minority shareholders of subsidiary companies		715
Foreign currency translation adjustment		853
Other		157
	213,959	405,680
INCREASE IN FUNDS		
Transfer of net assets resulting from division of Rogers UA Cablesystems, Inc. (note 3)	25,282	3,508
	3,715	
	28,997	3,508
FUNDS (DEFICIENCY) AT BEGINNING OF YEAR	3,205	(303)
FUNDS AT END OF YEAR	\$ 32,202	\$ 3,205

Funds are defined as cash and short-term notes and marketable securities less bank advances.

FINANCIAL STATEMENTS

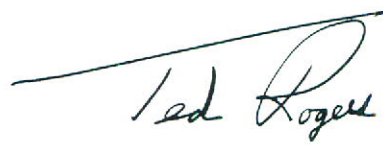
CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1983

ASSETS	1983	1982
	<u>\$000's</u>	
Fixed assets (note 4)	\$530,602	\$543,291
Subscribers	171,922	184,829
Excess of carrying value of subsidiaries over value of underlying net assets acquired, less amortization	49,924	49,673
Investments (note 5)	54,045	55,988
Deferred charges (note 6)	41,481	22,701
Cash and short-term notes	32,073	8,645
Marketable securities, at cost (which approximates market value in both 1983 and 1982)	129	5,100
Accounts receivable	13,904	12,116
Inventories of materials at the lower of average cost and net realizable value	1,125	1,283
Prepaid expenses	4,689	5,497
Deferred foreign exchange	763	617
Other assets (note 7)	13,728	15,395
	<u>\$914,385</u>	<u>\$905,135</u>

Approved by the Board



Director



Director

FINANCIAL STATEMENTS

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1983</u>	<u>1982</u>
	\$000's	
Long-term debt (note 8)	\$637,365	\$574,862
Bank loans, unsecured		10,540
Accounts payable and accrued expenses	74,056	61,550
Income taxes payable		771
Prepayments for services	26,013	20,230
Deferred income taxes	18,127	21,654
Minority interest	4,933	44,404
	<u>760,494</u>	<u>734,011</u>
Shareholders' equity		
Capital stock (note 9)	92,204	89,502
Reorganization surplus	6,235	6,235
Contributed surplus	45,683	45,683
Equity adjustment from foreign currency translation	(2,707)	(1,359)
Retained earnings	12,476	31,063
	<u>153,891</u>	<u>171,124</u>
	<u>\$914,385</u>	<u>\$905,135</u>

Long-term leases (note 14)
 Commitments (note 15)
 Contingent liabilities (note 16)
 Rate regulation (note 18)
 Subsequent events (note 19)

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED AUGUST 31, 1983

	1983	1982
	\$000's	
BALANCE AT BEGINNING OF YEAR		
As previously reported	\$28,273	\$46,304
Adjustment for change in accounting for translation of foreign currency (note 2)	2,790	(590)
As restated	31,063	45,714
Loss for the year	15,066	7,158
	15,997	38,556
Dividends		
Preferred shares	3,521	4,483
Class B shares		3,010
	3,521	7,493
BALANCE AT END OF YEAR	\$12,476	\$31,063

AUDITORS' REPORT

To the Shareholders of Rogers Cablesystems Inc.

We have examined the consolidated balance sheet of Rogers Cablesystems Inc. as at August 31, 1983 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for foreign exchange as described in note 2, on a basis consistent with that of the preceding year.

Toronto, Canada
November 25, 1983
(December 30, 1983 as to note 19)



Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 1983

1. ACCOUNTING POLICIES

(a) Consolidation

- (i) The consolidated financial statements include the accounts of the Company and all its subsidiaries.
- (ii) Investments in companies and other business ventures in which the Company has a substantial ownership but not greater than 50% are accounted for on the equity basis provided the Company is able to exercise significant influence over the affairs of these companies. Accordingly, the Company's equity in the earnings of these companies is included in the consolidated statement of income.

(b) Capitalization policy

Costs incurred directly in connection with the application for new cable franchises are capitalized to the extent that such costs do not exceed the estimated net realizable value of cable franchises obtained. These costs are amortized on a straight line basis over the composite average life of the franchises.

During the development and pre-operating phases of new cable systems, all costs including interest are capitalized. During the pre-maturity phase a portion of all costs including interest costs are capitalized and amortized. The pre-maturity period generally ends at the earlier of two years from the time of the first subscriber revenue and the completion of construction of the distribution system. The pre-maturity period may extend beyond two years for systems being built in large urban areas.

During construction of new cable systems or during the rebuilding of existing cable systems, direct costs plus a portion of interest and overhead costs are capitalized.

Leases that transfer substantially all of the benefits and risks of ownership are accounted for by the Company as capital leases. Accordingly, the asset values and related liabilities are recorded in the financial statements.

Interest capitalized during the year aggregated \$5,421,000 (1982, \$5,212,000).

(c) Depreciation

The cable plant and other fixed assets are depreciated over their estimated useful lives as follows:

Buildings	- 5% diminishing balance
Towers and head-ends	- 6-2/3% straight line
Distribution cable	- 6-2/3% straight line
Subscriber drops and devices	- 6-2/3% straight line
Converters and descramblers	- 20% and 13-1/2% straight line
Other equipment	- mainly 20% and 30% diminishing balance
Computer equipment and development costs	- mainly 20% straight line
Leasehold improvements	- over the term of the lease
Pre-maturity costs	- 6-2/3% straight line

(d) Income and Expenses

Income from cable, rental of converters and pay television services includes earned

FINANCIAL STATEMENTS

subscriber service revenue and charges for installations and connections. Subscriber service fees paid in advance are taken into income as earned. The cost of the initial cable subscriber installation is capitalized as part of the distribution system. Costs of all other connections and disconnections are expensed.

(e) Foreign exchange

- (i) The accounts of foreign subsidiary companies, all of which are considered to be self-sustaining, are translated into Canadian dollars on the following basis:

Assets and liabilities at the year end rates of exchange.

Revenue and expense items at the average exchange rate for the year.

Exchange gains or losses arising from the translation of the financial statements of self-sustaining foreign subsidiary companies are deferred and included in a separate component of shareholders' equity.

- (ii) Monetary assets and liabilities of the Company and its Canadian subsidiary companies, denominated in foreign currencies, are translated into Canadian dollars at the year end rates of exchange. Exchange gains or losses on translating non-current monetary assets and liabilities are deferred and amortized over the remaining life of the respective assets and liabilities. In those instances when monetary assets or liabilities act as a hedge of a foreign currency item or a foreign currency net asset/liability position, gains or losses on translation of the monetary asset or liability are deferred and included in a separate component of shareholders' equity.
- (iii) All other exchange gains or losses are included in income.

The following table shows the changes in the equity adjustment from foreign currency translation for the years ended August 31, 1983 and 1982:

	1983	1982
	\$000's	
Balance at beginning of year	\$(1,359)	\$(2,245)
Net effect of foreign currency translation adjustments	(1,348)	886
Balance at end of year	<u>\$(2,707)</u>	<u>\$(1,359)</u>

(f) Deferred charges

Deferred charges include various expenditures the benefit of which will relate to future years. These costs are amortized over various periods up to fifteen years.

(g) Subscribers and goodwill

Effective April 1, 1974 generally accepted accounting principles require a determination of the fair value of intangible assets acquired and the value of items designated as goodwill must be amortized over a period not exceeding forty years.

Prior to September 1, 1979 the excess of the purchase price over the estimated fair value of net assets acquired was not separated between amounts paid for cable subscribers and for goodwill. Since September 1, 1979 the Company has determined the cost of subscribers in each purchase. This amount is not being amortized but will be written down pro rata if the subscriber base falls below the level capitalized at the date of

FINANCIAL STATEMENTS

acquisition. Such a write down has not been necessary to date.

Goodwill acquired before April 1, 1974 in the amount of \$19,486,000 will not be amortized but will be written down if there should be a diminution in its value. In accordance with generally accepted accounting principles amounts designated as goodwill acquired after April 1, 1974, totalling \$33,505,000 at August 31, 1983, are being amortized over forty years from date of acquisition. Amortization of goodwill for the year amounted to \$729,000 (1982, \$751,000).

(h) Canadian program production lending fund

Funds advanced in relation to film production ventures are capitalized and are included in investments. These advances are carried at the lower of cost and estimated net realizable value for each specific film venture (note 15(b)(iv)).

(i) Research and development costs

Research costs are expensed in the year incurred. Computer software development costs are deferred and then amortized on a straight line basis over periods not exceeding five years commencing from the date the computer software is first used. Development costs are charged to expense in total where projects are deemed unfeasible, or in part when project costs are deemed excessive in amount.

(j) Pensions

Current service pension costs are expensed in the year incurred. Based on the most recent actuarial valuation dated as of August 31, 1981, the Company has no liability for unfunded past service pension liabilities.

(k) Income taxes

The Company records income tax expense on the tax allocation basis. Tax deferred as a result of claiming, for tax purposes, amounts different from those recorded in the accounts are charged against current operations and recorded in the balance sheet as deferred income taxes. Timing differences consist principally of tax depreciation in excess of book depreciation, interest capitalized for accounting purposes and expensed for tax purposes, the capitalization of certain costs for accounting purposes and expensing them for tax purposes and for United States subsidiaries, investment tax credits utilized for book purposes but not for tax purposes.

Investment tax credits are accounted for using the "flow-through" method. Under this method the income tax provision is reduced by the amount of investment tax credit earned.

No provision is made for withholding taxes on the unremitted earnings of foreign subsidiaries as these earnings are expected to be reinvested in the jurisdiction earned.

2. ACCOUNTING CHANGES

- (a) During the year the Canadian Institute of Chartered Accountants issued new recommendations on accounting for foreign currency translation effective for fiscal years beginning after July 1, 1983. The Company has chosen early adoption of these recommendations and implemented them on a retroactive basis for the fiscal year ending August 31, 1983. The method of accounting for foreign currency translation detailed in these recommendations is more fully described in note 1(e).

FINANCIAL STATEMENTS

This retroactive change in accounting practice has decreased the loss for the year by \$2,183,000. Opening retained earnings for 1983 and 1982 have been restated in the amount of \$2,790,000 and (\$590,000) to reflect this change in accounting practice.

- (b) In 1983 the Company adopted on a retroactive basis the policy of presenting all assets and liabilities on the consolidated balance sheet on a non-classified basis and defined funds in the statement of changes in financial position as cash and short-term notes and marketable securities less bank advances. Prior to September 1, 1982 the Company segregated assets and liabilities on the consolidated balance sheet between a current and non-current classification and defined funds in the statement of changes in financial position as working capital. This change was made as in the opinion of management, it results in a more appropriate definition of funds.

3. DIVISION OF ROGERS UA CABLESYSTEMS, INC.

In November of 1981 the Company acquired 51% of the shares of Rogers UA Cablesystems, Inc. (RUAC), and entered into a shareholders agreement with its 49% partner which provided a mechanism to permit the division of the assets and liabilities of RUAC in order for each shareholder group to own and be responsible for 100% of the assets and liabilities allocated to it. In 1983 the parties announced their intention to divide the assets and liabilities of RUAC and completed the split-off transaction on August 31, 1983. The division has been accounted for as follows:

1. Adjustments to the original allocation of assets and liabilities were necessitated as the components of the net asset position of the division selected by the Company were different than 51% of the net asset position of RUAC and additional costs of the split-off were capitalized as part of the investment account. These adjustments are summarized as follows:

	\$000's
Increase in goodwill	\$ 1,700
Increase in fixed assets	16,231
Increase in long-debt	(8,194)
Decrease in subscribers	(11,243)
Split-off costs paid in cash and capitalized	476
Other	1,030
	\$ Nil

2. No gain or loss has been recorded on the transaction.
3. The 1983 consolidated income statement includes 100% of the results of operations of RUAC with an allocation of income of RUAC being made to the 49% minority shareholder group of RUAC. This method of presentation was chosen as the company's entitlement to 51% of the revenues and expenses of RUAC as a corporation for the year ended August 31, 1983 differed from the revenue and expense stream of the division allocated to the Company.

FINANCIAL STATEMENTS

4. Details of the transfer of assets to the 49% partner upon the division of RUAC are as follows:

	\$000's
Accounts receivable, inventories and prepaid expenses	\$ 3,098
Fixed assets	138,570
Deferred charges	2,675
Accounts payable and accrued liabilities	(17,433)
Long-term debt	(86,705)
Minority interest	(44,185)
Other	7,695
	<u>\$ 3,715</u>

4. FIXED ASSETS, at cost

	1983	1982
	\$000's	
Land and buildings	\$ 14,505	\$ 16,003
Towers and head-ends	23,091	35,181
Distribution cable	311,320	296,953
Subscriber drops and devices	119,795	121,814
Computer equipment and development costs	10,908	5,657
Converters and descramblers	72,486	53,083
Other equipment	71,804	66,415
Leasehold improvements	9,537	8,933
Construction in progress	15,187	29,175
Pre-maturity costs	22,375	17,214
	<u>671,008</u>	650,428
Less accumulated depreciation and amortization	<u>140,406</u>	107,137
	<u>\$530,602</u>	<u>\$543,291</u>

5. INVESTMENTS

	1983	1982
	\$000's	
Hees International Corporation	\$ 19,500	\$ 20,000
General Cable T.V. Limited	24,000	24,000
Associated companies	7,736	8,154
Canadian Program Production Lending Fund (note 15(b)(iv))	2,000	1,905
Other investments	809	1,929
	<u>\$ 54,045</u>	<u>\$ 55,988</u>

(a) The shares of Hees International Corporation owned by the Company have exactly the same characteristics as the Company's Series V and VI Preferred shares which are issued to an associated company of Hees International Corporation.

(b) The shares of General Cable T.V. Limited, a company controlled by the controlling shareholder the Company, have exactly the same characteristics as the Company's Series IV Preferred shares. Of the Series IV Preferred shares issued, 240,000 shares have been issued to another company controlled by the same shareholder.

FINANCIAL STATEMENTS

(c) Associated companies

	1983	1982
	\$000's	
Western Cablevision Limited	\$ 5,258	\$ 5,016
Cableshare Inc.	1,479	2,139
Northwest Sports Limited	999	999
	\$ 7,736	\$ 8,154

The carrying value of the Company's investments in associated companies is equal to their cost plus the Company's equity in undistributed earnings since the date of acquisition.

The excess of the carrying value of the Company's investment in an associated company over its equity in the value of the underlying net assets amounted to \$3,430,000 at August 31, 1983 (1982, \$3,530,000). This excess is being amortized over its estimated useful life of forty years.

(d) Other Investments

	1983	1982
	\$000's	
MDS Pay Television system		\$1,398
Other	\$809	531
	\$809	\$1,929

6. DEFERRED CHARGES

	1983	1982
	\$000's	
Financing costs	\$13,689	\$ 2,811
Franchising costs	16,793	13,781
Pre-operating costs	10,534	6,109
Other	465	
	\$41,481	\$22,701

Deferred franchising costs represent all costs incurred since September 1, 1980 in connection with applications for new cable television franchises, net of accumulated amortization. The cumulative amount capitalized at August 31, 1983 is not materially different from that which would have been capitalized if the Company had capitalized only the costs of successful and pending franchise applications from the date of commencement of its major franchising activities in 1979.

Amortization of deferred charges for the year amounted to \$2,790,000 (1982, \$1,931,000).

FINANCIAL STATEMENTS

7. OTHER ASSETS

	1983	1982
	\$000's	
Receivable under share purchase plans, including \$2,089,000 from officers and directors (1982, \$1,603,000)	\$ 5,866	\$ 5,823
Miscellaneous notes and loans receivable including \$248,000 from officers and directors (1982, \$258,000)	1,863	2,540
Long term contracts receivable for MATV service	868	1,329
Prepaid franchise fees and franchise deposits	5,131	5,703
	\$13,728	\$15,395

8. LONG-TERM DEBT

	1983	1982
	\$000's	
(a) ROGERS CABLESYSTEMS INC.		
(i) Term bank loans	\$114,527	\$ 99,144
(ii) 9% Convertible Subordinated Debentures, maturing October 1, 2000	27,996	29,459
(b) CANADIAN CABLESYSTEMS LIMITED		
(iii) Series I 13-1/2% Zero Coupon Senior Secured Notes due May 1, 1988	21,455	
(iv) Series II 13-1/2% Zero Coupon Senior Secured Notes due May 1, 1989	18,828	
(v) 13-5/8% Senior Debentures due April 1, 1998	92,460	
(vi) 14-1/4% Senior Subordinated Debentures due April 1, 1998	92,460	
(vii) Term bank loans		183,527
(viii) Series A 12.55% Sinking Fund Debentures, due March 31, 1996	8,760	9,360
(ix) Promissory note payable to the Mutual Life Insurance Company of New York	10,984	12,269
(x) Promissory note payable to Chemical Bank of Canada Limited	1,000	2,000
(c) ROGERS U.S. CABLESYSTEM, INC.		
(xi) Term bank loans, Cablesystems Pacific	32,053	14,252
(xii) Term bank loans, California Cablesystems, Inc.	30,820	1,859
(xiii) Term bank loans, Dickinson Pacific Cablesystems	33,286	30,713
(xiv) Term bank loans, Minnesota Cablesystems-Southwest	18,492	11,773
(xv) Promissory note payable to the Mutual Life Insurance Company of New York by Syracuse Cablesystems	13,561	
Term bank loans, Syracuse Cablesystems		9,790
(d) ROGERS CABLESYSTEMS OF AMERICA, INC.		
(xvi) Term bank loans	110,952	
(e) ROGERS UA CABLESYSTEMS, INC.		
Term bank loans		63,204
Promissory notes		94,968
(f) DUBLIN CABLESYSTEMS LIMITED		
(xvii) Loan payable to Chase Bank (Ireland) Ltd.	1,944	2,309
(g) OTHER LONG-TERM DEBT		
	7,787	10,235
	\$637,365	\$574,862

FINANCIAL STATEMENTS

Further details of indebtedness outstanding are as follows:
ROGERS CABLESYSTEMS INC.

- (i) The term bank loans of Rogers Cablesystems Inc. consist of the following:

	\$000's
Investment loans	\$98,624
Revolving loans	15,903
	\$114,527

The investment loans are for a maximum of U.S. \$80 million and bear interest at the Bank's U.S. Base Rate plus 1% except for U.S. \$22 million which are fixed rate loans bearing interest at approximately 16.5%. The revolving loans are for a maximum of U.S. \$35 million of which U.S. \$12,900,000 was drawn at August 31, 1983. Draws on the revolving loans are subject to bank review and approval. The revolving loans bear interest at the Bank's U.S. Base Rate plus 1-1/2%. The loans are secured by a floating charge debenture on all assets and undertakings of the Company in the amount of \$300,000,000, guarantees of subsidiary companies and the pledge of shares of subsidiary companies. The loans are due on September 1, 1984 and the lenders have the right to require that the Company raise additional equity or subordinated debt, on at least six months written notice, in the amount of U.S. \$45,000,000 or sell assets and apply the proceeds to the reduction of bank indebtedness.

The loans contain certain covenants restricting the operations and activities of the Company the most significant of which relates to creation of additional indebtedness, mergers and acquisitions, encumbrance of assets and changes in the capitalization of the Company.

- (ii) These Debentures are unsecured, subordinated and are convertible into Class B shares at the holders' option at any time prior to October 1, 1985 at \$10.15 per share, and thereafter to October 1, 1990 at \$11.05 per share. The Debentures cannot be redeemed prior to October 1, 1983 and thereafter cannot be redeemed in the period ending October 1, 1985 unless the weighted average price at which the Class B shares of the Company traded on The Toronto Stock Exchange for 20 consecutive days exceeded 125% of the conversion price of the Debentures.

The Company is required to make mandatory sinking fund payments in the amount of 5% of the Debentures outstanding on October 1, 1990 in each of the years 1991 to 1999.

CANADIAN CABLESYSTEMS LIMITED (CCL)

During the year CCL completed a major public financing. Under the terms of this financing CCL sold U.S. \$16,473,000 of Series I Zero Coupon Senior Secured Notes, U.S. \$14,453,000 of Series II Zero Coupon Senior Secured Notes, U.S. \$75,000,000 of Senior Debentures and U.S. \$75,000,000 of Senior Subordinated Debentures. Proceeds from this financing aggregating \$213,312,000 after cost of issuance of \$9,698,000, were utilized to repay bank loans outstanding and provide funds to CCL.

- (iii) The Zero Coupon Notes (the Notes) were sold in units, each unit consisting of U.S. and
(iv) \$1,000 principal amount of Series I Zero Coupon Senior Secured Notes due May 1, 1988, and U.S. \$1,000 principal amount of Series II Zero Coupon Senior Secured

FINANCIAL STATEMENTS

Notes due May 1, 1989, and are secured obligations of CCL guaranteed by a subsidiary company, Rogers Cable T.V. Limited (RCTV). The Notes were sold at a substantial discount from the principal amount thereof, which amount includes interest to maturity at a specified annual rate of 13-1/2%. The Notes are not redeemable prior to maturity. The Notes rank equally in right of payment with other senior indebtedness of CCL, including bank debt and the Senior Debentures, and rank senior to the Senior Subordinated Debentures.

The Zero Coupon Notes are secured by the pledge to the trustee of a demand bond of CCL. The bond is secured by security interests in all the assets of CCL and RCTV.

As interest accrues on the Notes but is not payable until maturity, accrued but unpaid interest will be added to the face value of the Notes to the maturity date at which point the entire balance owing of U.S. \$32,000,000 on each of the Series becomes payable. Unpaid interest at August 31, 1983 amounted to \$2,163,000.

The provisions of the Notes impose restrictions on the operations and activities of CCL, of which the most significant relate to limitations on payments to the parent and affiliated companies, additional investments, additional indebtedness, contingent liabilities, leases, liens, dividends, sales of assets and mergers.

- (v) The Senior Debentures which mature on April 1, 1998 are unsecured obligations of CCL guaranteed by RCTV, and bear interest at the rate of 13-5/8% per annum, payable semi-annually. The Senior Debentures rank equally in right of payment with other senior indebtedness of CCL, including bank debt and the Notes, and rank senior to the Senior Subordinated Debentures.

The Senior Debentures require annual mandatory sinking fund payments in the amount of U.S. \$6,560,000 from April 1, 1990 to April 1, 1997 with the remaining balance of U.S. \$22,520,000 being due on maturity. In addition, CCL has the option to redeem the whole or a part of the Senior Debentures after April 1, 1988 subject to certain prepayment penalty clauses.

The provisions of the Senior Debentures relating to restrictions on the operations and activities of CCL are, with minor exceptions, substantially identical to those contained in the Zero Coupon Series I and Series II Notes as further described in note (iii) and (iv) above.

- (vi) The Senior Subordinated Debentures which mature on April 1, 1998 are unsecured obligations of CCL, are guaranteed by RCTV, and bear interest at the rate of 14-1/4% per annum, payable semi-annually. The Senior Subordinated Debentures are subordinated in right of payment to senior indebtedness of CCL, including bank debt, the Notes and the Senior Debentures.

The Senior Subordinated Debentures require annual mandatory sinking fund payments in the amount of U.S. \$6,560,000 from April 1, 1990 to April 1, 1997 with the remaining balance of U.S. \$22,520,000 being due on maturity. In addition, CCL has the option to redeem the whole or a part of the Senior Subordinated Debentures after April 1, 1988 subject to certain prepayment penalty clauses.

The provisions of the Senior Subordinated Debentures relating to restrictions on the operations and activities of CCL, are with minor exceptions, substantially identical to

FINANCIAL STATEMENTS

those contained in the Zero Coupon Series I and Series II Notes as further described in note (iii) and (iv) above.

- (vii) The Term Bank loans are available under a Credit Agreement with three Canadian chartered banks and are repayable in Canadian dollars. At August 31, 1983, the line of credit available under the facility amounted to approximately \$21,600,000 of which no amount has been drawn. Borrowings under the facility are limited to funds required for the purchase and installation of pay television descramblers at the rate of \$108 for each descrambler placed in service.

Any borrowings under this facility are on a revolving basis until August 31, 1985 at which time the borrowings convert to a term loan, due on August 31, 1992, with quarterly repayments commencing on November 30, 1985. Borrowings bear interest at the banks' prime rates plus 1/2% to August 31, 1985 and thereafter at the banks' prime rates plus 3/4%. The facility is secured, together with the Notes and Senior Debentures by a pledge of the shares of two of the CCL's subsidiaries, a fixed and floating charge on the assets of CCL and RCTV and a guarantee of RCTV. The Credit Agreement contains restrictions on the incurrence of debt and various maintenance tests principally relating to interest and debt coverage. In addition, the Credit Agreement restricts dividend payments and sales of assets.

- (viii) The Series A Debentures which were issued by a wholly owned subsidiary of CCL are secured by letters of credit issued by two Canadian chartered banks. The covenants under the Debentures have been waived until August 15, 1984 when the letters of credit expire. The Debentures are redeemable at the option of the subsidiary and must be retired by sinking fund payments in the amount of \$600,000 annually on March 31, 1984 to 1995 and a final payment of \$1,560,000 on March 31, 1996.

- (ix) The promissory note payable which was issued by a wholly owned subsidiary of CCL to the Mutual Life Insurance Company of New York bears interest at 9-1/8% and is repayable in U.S. dollars. The loan is repayable in annual instalments of U.S. \$990,000 due June 15, 1984 to 1992. The terms of the note include certain financial and operational obligations on the part of the subsidiary company, Premier Cablesystems Limited.

- (x) The promissory note payable by a wholly owned subsidiary of CCL to Chemical Bank of Canada Limited bears interest at the prime bank rate plus 1/2% and is repayable in Canadian dollars. The loan is repayable in instalments of \$500,000 on December 15, 1983 and June 15, 1984.

ROGERS U.S. CABLESYSTEMS, INC.

- (xi) Cablesystems Pacific (a limited partnership in which a wholly owned subsidiary of the Company has an interest) has arranged long-term financing with a group of five banks in the amount of U.S. \$34,000,000. At August 31, 1983 U.S. \$26,000,000 was outstanding under the credit agreement (1982, U.S. \$11,500,000). The loan bears interest at the lead bank's California prime rate plus 1-1/2% with a standby fee of 1/4% charged on the portion of the loan not advanced. The loan is secured by substantially all the assets of the partnership. The limited partners will be primarily liable together with the partnership for repayment of a portion of the loan. The Company has guaranteed directly and indirectly a total of U.S. \$6,000,000 of the loan. The agreement restricts distributions to partners without the prior written consent of the banks. Principal repayments are required quarterly beginning in 1985 on a percentage of the amount drawn down. On the basis the loans have been fully

FINANCIAL STATEMENTS

drawn down, principal repayments by fiscal year amount to U.S. \$1,000,000 in 1985, U.S. \$2,500,000 in 1986, U.S. \$3,998,000 in 1987, U.S. \$6,004,000 in 1988, U.S. \$6,004,000 in 1989, U.S. \$7,001,000 in 1990 and U.S. \$7,493,000 in 1991. The loan contains both financial maintenance tests and tests for additional debt incurrence.

- (xii) California Cablesystems, Inc. a wholly owned subsidiary of the Company, has arranged long-term financing with two banks in the amount of U.S. \$36,500,000. At August 31, 1983, U.S. \$25,000,000 was outstanding (1982, U.S. \$1,500,000). The loans bear interest at each bank's California prime rate plus 1-1/4% and, in addition, a standby fee of 1/4% is charged on the portion of the loans not advanced to the company. The loans are secured by the assets of California Cablesystems, Inc. Principal repayments are required in fixed quarterly amounts beginning in 1986. On the basis the loans have been fully drawn down, principal repayments by fiscal year amount to U.S. \$1,825,000 in 1986, U.S. \$3,650,000 in 1987, U.S. \$4,563,000 in 1988, U.S. \$4,562,000 in 1989, U.S. \$7,300,000 in 1990, U.S. \$7,300,000 in 1991 and U.S. \$7,300,000 in 1992. The loans contain both financial maintenance tests and tests for additional debt incurrence.
- (xiii) Dickinson Pacific Cablesystems (a general partnership in which a wholly owned subsidiary of the Company has an interest) has arranged long-term financing with two banks in the amount of U.S. \$27,000,000. At August 31, 1983 U.S. \$27,000,000 was outstanding under the credit agreement (1982, U.S. \$24,782,000). The loans bear interest at the banks' California prime rates plus 1-1/4% and in addition a standby fee of 1/4% is charged on that portion of the loans not advanced to the partnership. The loans are secured by the assets of Dickinson Pacific Cablesystems and a guarantee of the Company in the amount of U.S. \$15,000,000. Principal repayments are required quarterly on a percentage of the amount drawn down beginning in fiscal 1985. Principal repayments amount to U.S. \$1,000,000 in 1985, U.S. \$3,000,000 in 1986, U.S. \$4,000,000 in 1987, U.S. \$6,000,000 in 1988, and U.S. \$13,000,000 in 1989. The loans contain both financial maintenance tests and tests for additional debt incurrence.
- (xiv) Minnesota Cablesystems-Southwest (a limited partnership in which a wholly owned subsidiary of the Company has an interest) has arranged long-term financing with two banks in the amount of U.S. \$18,000,000. At August 31, 1983 U.S. \$15,000,000 was outstanding under the credit agreement (1982, U.S. \$9,500,000). The loans bear interest at the banks' New York prime rates plus 1-1/2% with a standby fee of 1/4% charged on the portion of the loans not advanced. The loans are secured by substantially all the assets of the partnership. Principal repayments are required in fixed quarterly amounts beginning in 1986. On the basis that the loans have been fully drawn down, principal repayments by fiscal year amount to U.S. \$1,000,000 in 1986, U.S. \$1,500,000 in 1987, U.S. \$2,000,000 in 1988, U.S. \$3,000,000 in 1989, U.S. \$5,000,000 in 1990 and U.S. \$5,500,000 in 1991. The loans contain both financial maintenance tests and tests for additional debt incurrence.
- (xv) The promissory note payable by Syracuse Cablesystems (a limited partnership in which a wholly owned subsidiary of the Company has an interest) bears interest at 12-7/8%, is secured by the assets of Syracuse Cablesystems and is repayable in instalments of U.S. \$375,000 on September 30, 1987 and March 30, 1988, U.S. \$625,000 on September 30, 1988 and March 30, 1989, U.S. \$900,000 on September

FINANCIAL STATEMENTS

30, 1989 and March 30, 1990 and U.S. \$1,200,000 on each September 30 and March 30 thereafter to March 30, 1993. The terms of the note include certain financial and operational obligations on the part of Syracuse Cablesystems.

ROGERS CABLESYSTEMS OF AMERICA, INC.(RCA)

(xvi) RCA has entered into term loan arrangements with a consortium of banks effective August 31, 1983 providing for loans of up to U.S. \$100,000,000 of which U.S. \$90,000,000 was drawn as at August 31, 1983.

The loans bear interest at the prime bank rate plus 1% and are due September 30, 1984. The loans are secured by the pledge of all of the assets of RCA and its subsidiaries. These loans place certain restrictions on the operations and assets of RCA including but not limited to additional indebtedness, investments, guarantees and liens and contain both financial maintenance tests and tests for additional debt incurrence.

DUBLIN CABLESYSTEMS LIMITED

(xvii) The loan payable by Dublin Cablesystems Limited, a subsidiary Company, to Chase Bank (Ireland) Ltd. is Irish Punts 1,350,000 drawn under a line of credit of Irish Punts 1,600,000 and on the basis that the loan has been fully drawn is subject to repayments as follows:

	£ 000's
August 31, 1985	Irish £ 350
August 31, 1986	200
August 31, 1987	250
August 31, 1988	350
August 31, 1989	450
	Irish £1,600

The loan bears interest at the bank's cost of borrowing plus 7/8% to August 31, 1984 and at the bank's cost of borrowing plus 1-1/8% thereafter. The company has agreed to pay a standby fee of 3/8% on the undrawn amount of this facility until August 31, 1984.

OTHER LONG-TERM DEBT

(xviii) Included in other long-term debt are the obligations of the Company in the amount of \$5,061,000 (1982, \$6,060,000) in respect of long-term leases.

(xix) As at August 31, 1983 the Company has entered into the following interest exchange agreements:

Dollar value of Agreement	Reference Interest Rate	Maturity Date
U.S. \$48,000,000	12.2%	March, 1990
25,000,000	10.75%	June, 1986
25,000,000	11.25%	June, 1988
U.S. \$98,000,000		

FINANCIAL STATEMENTS

These agreements have the effect of converting U.S. \$98,000,000 of floating rate debt of the Company to fixed interest rate debt at interest rates generally equal to the reference interest rates specified above plus the Company's cost of money in excess of money market rates. The exchange agreements include certain covenants on behalf of both parties to the agreement and provide for early termination of the agreements under specified conditions.

Principal repayments due within each of the next five years on all long-term debt are as follows:

	\$000's
1984	\$ 6,333
1985	230,517
1986	12,091
1987	17,561
1988	47,042
	313,544
Due after 1988	323,821
	\$637,365

9. CAPITAL STOCK Rights and conditions

Preferred shares

There are an unlimited number of Preferred shares without par value, issuable in series, with rights and terms of each series to be fixed by the directors prior to the issue of each series.

Series IV Preferred shares, without par value, non-voting, with a cumulative dividend rate equal to 50% of the prime lending rate of a Canadian chartered bank plus 1-1/2% payable monthly. These shares are both redeemable and retractable at any time.

Series V and VI Preferred shares, without par value, non-voting, with a cumulative dividend rate equal to 50% of the prime lending rate of a Canadian chartered bank plus 1-1/2% payable quarterly. The Company is obligated on each dividend payment date to redeem 12,500 Series V and 12,500 Series VI Preferred shares. These shares are retractable at the holder's option at any time after March 31, 1992.

Common shares

There are an unlimited number of voting Class A shares without par value. The Class A shares may receive a dividend at an annual rate of up to 35 cents per share only after the Class B shares have been paid a dividend at an annual rate of 35 cents per share.

There are an unlimited number of non-voting Class B shares without par value. The Class A and Class B shares will share equally in dividends after payment of a dividend of 35 cents per share for each class.

FINANCIAL STATEMENTS

Issued

	1983	1982
	\$000's	
250,000 Series IV Preferred shares	\$25,000	\$25,000
975,000 Series V Preferred shares (1982, 1,000,000 shares)	9,750	10,000
975,000 Series VI Preferred shares (1982, 1,000,000 shares)	9,750	10,000
5,146,459 Class A shares (1982, 5,834,810 shares)	32,094	36,378
17,261,392 Class B shares (1982, 16,213,018 shares)	15,610	8,124
	\$92,204	\$89,502

- (a) During the year ended August 31, 1983, the Company effected the following share transactions:
- (1) 697,151 Class A shares were converted into Class B shares during the year at a total conversion value of \$4,346,000.
 - (2) 144,132 Class B shares were issued as a result of the conversion of \$1,463,000 of Convertible Debentures.
 - (3) 8,800 Class A and 8,800 Class B shares were issued as a result of the exercise of options pursuant to the Executive Stock Option Plan.
 - (4) 25,000 Series V Preferred shares and 25,000 Series VI Preferred shares were redeemed for \$500,000 cash.
 - (5) 198,291 Class B shares were issued from treasury to employees pursuant to the Company's share purchase plans.
- (b) The Articles of Continuance of the Company under the Canada Business Corporations Act impose restrictions on the transfer, voting and issue of the voting Class A and non-voting Class B shares in order to ensure that the Company remains qualified to hold or obtain any licence pursuant to the Broadcasting Act (Canada) and any licence required to carry on a cable television or similar undertaking.
- (c) At August 31, 1983, an option was outstanding to Rogers Telecommunications Limited (a company which indirectly controls the Company) for the purchase of 500,000 Class A shares at \$11.875 per share. This option was extended to December 31, 1987 in consideration for Rogers Telecommunications Limited providing certain financial assistance in connection with bank financing of two cable systems of the Company in the United States (note 19).

10. LOSS PER SHARE

Loss per share has been calculated based on the weighted average number of outstanding shares during the year, after adding dividends on Preferred shares to the loss for the year.

FINANCIAL STATEMENTS

11. SEGMENTED INFORMATION

The Company operates cable and pay television systems in Canada, the United States and Ireland which are considered to be a single industry segment. Information by geographic segment is presented below:

	Canada	United States	Ireland	Corporate items and eliminations	Consolidated totals
August 31, 1983	\$000's				
Revenue	\$147,153	\$211,578	\$ 5,466		\$364,197
Operating income	\$ 53,285	\$ 70,342	\$ 1,636	\$ 493	\$125,756
Depreciation and amortization	22,072	35,914	966	642	59,594
	<u>\$ 31,213</u>	<u>\$ 34,428</u>	<u>\$ 670</u>	(149)	66,162
Interest				(80,410)	(80,410)
Other corporate items, net				4,533	4,533
Income taxes				130	130
Minority interest				(5,481)	(5,481)
				<u>\$(81,377)</u>	
Loss for the year					<u>\$15,066</u>
Identifiable assets	<u>\$307,876</u>	<u>\$543,482</u>	<u>\$ 11,974</u>	<u>\$ 51,053</u>	<u>\$914,385</u>
August 31, 1982					
Revenue	\$116,643	\$122,363	\$ 5,390		\$244,396
Operating income	\$ 40,404	\$ 41,937	\$ 1,431	\$ 1,296	\$ 85,068
Depreciation and amortization	17,400	20,681	1,102	327	39,510
	<u>\$ 23,004</u>	<u>\$ 21,256</u>	<u>\$ 329</u>	969	45,558
Interest				(65,461)	(65,461)
Other corporate items, net				9,592	9,592
Income taxes				4,555	4,555
Minority interest				(4,186)	(4,186)
Extraordinary item				2,784	2,784
				<u>\$(51,747)</u>	
Loss for the year					<u>\$ 7,158</u>
Identifiable assets	<u>\$250,598</u>	<u>\$577,822</u>	<u>\$ 15,215</u>	<u>\$ 61,500</u>	<u>\$905,135</u>

The above segmented information for 1982 does not give effect to the division of Rogers UA Cablesystems, Inc. which was completed on August 31, 1983. (see note 3)

12. INCOME TAXES

At August 31, 1983, certain United States subsidiaries have tax losses of approximately \$25,249,000 available to be claimed against taxable income in future years, the tax effect of which has not been reflected in the accounts. These tax losses expire principally in the years 1995 to 1998. In addition, the Company's U.S. subsidiaries have approximately \$7,859,000 of unclaimed investment tax credits which are available to reduce future income taxes until approximately 1998.

FINANCIAL STATEMENTS

13. RESEARCH AND DEVELOPMENT

During the year ended August 31, 1983, the Company incurred research and development costs in the amount of \$5,769,000 (\$6,303,000 in 1982). Of this total, research and development costs of \$1,020,000 (1982, \$3,551,000) were charged to expenses and computer system software development costs of \$4,749,000 (1982, \$2,752,000) are included in fixed assets on the balance sheet.

14. LONG-TERM LEASES

The Company has entered into various lease agreements for the rental of premises, distribution facilities and microwave towers. These leases have been accounted for as operating leases. Based upon all operating leases in force at August 31, 1983, the minimum amount that will be incurred by the Company and its subsidiaries per annum will be \$10,156,000. The aggregate amount that will be paid under lease arrangements now in force is approximately \$37,579,000.

15. COMMITMENTS

(a) U.S. commitments for cable construction

The Company is presently building or in the process of planning the building of cable systems in the United States. At August 31, 1983, total costs to complete these systems are estimated to be U.S. \$139.5 million. This construction program will be largely financed by bank indebtedness and the sale of limited partnership units (note 19).

(b) Canadian commitments

A Canadian Radio-television and Telecommunications Commission decision has required the Company to:

- (i) Spend 2-1/2% of Canadian regulated revenue on research and development activities on a cumulative basis. It is estimated that this commitment will amount to approximately \$3.1 million in the next fiscal year. At August 31, 1983, the Company has funded expenditures in the amount of \$5,400,000 in excess of its commitment which may be offset against its commitment in future years.
- (ii) Spend 1% of Canadian regulated revenue on various programming and production activities. It is estimated that this commitment will amount to approximately \$1.2 million in the next fiscal year. At August 31, 1983, the Company has accrued as a liability and set aside funds as a deposit in the amount of \$279,000 to satisfy the unexpended portion of this commitment to that date.
- (iii) Improve the cable plant facilities of the Vancouver system. This system is in the process of being increased to a 35 channel capacity. This process is expected to be completed by August 31, 1985 and costs to complete are estimated at \$9.0 million.
- (iv) Establish a Canadian Program Production Lending Fund of \$5,000,000 with its then affiliate, Famous Players Limited, with each company investing a minimum of \$2,500,000 to provide loans to Canadian program production ventures. As at August 31, 1983, the Company had advanced or set aside \$3,209,000 to fund Canadian program production ventures of which \$1,120,000 has been provided as an allowance for doubtful loans.

(c) U.S. Partnerships

Under the terms of certain partnership arrangements in which the Company has an interest, the Company is required under certain conditions and at the request of the other partners, to purchase all or a portion of their partnerships interests. The prices

FINANCIAL STATEMENTS

would be based upon the fair market value of the partnerships at the time of purchase. The requests by the other partners to the general partners can only be made during certain years which vary depending upon the particular partnership agreement. The earliest possible date that a commitment may arise relating to the above is October 1, 1984.

- (d) During 1983, the Company was granted an option by Rogers Telecommunications Limited (RTL) to purchase, at cost, RTL's interest in any licence awarded to provide cellular radio services in Canada. RTL is a member of a consortium which was awarded 23 such licences in December, 1983. This option expires in December, 1984.

16. CONTINGENT LIABILITIES

- (a) Under the reorganization effective January 3, 1971, Famous Players Limited assumed liability under all leases pertaining to the theater business, and provided the Company with a formal indemnity against any loss in this regard. While the Company has been released from its obligations under some of these leases, there are still many lease commitments under which it remains contingently liable. The Company's management, however, believes that the Company will incur no liability under these outstanding lease commitments.

- (b) The Company has issued the following Class B shares which are held by a trustee under the terms of the Employee Share Purchase Plans:

Date of issue	Number of shares	Issue price
January 3, 1983	82,540	\$8.75

Should the market price of the shares held in trust two years from the date of issue be below 85% of the issue price, the Company has agreed to pay the employees an amount equal to the difference between 85% of the issue price and the market price.

- (c) During prior years, the Company received reassessment notices that have charged the Company with taxes and interest of approximately \$980,000 related to a 1975 corporate reorganization. This amount, as is required by tax law, has been paid and the Company is disputing the reassessment. The Company's position is that no tax is payable and it is presently pursuing this matter with Revenue Canada. The balance paid as a result of these reassessment notices is presently recorded as a reduction of income taxes payable in the consolidated balance sheet and will be recorded as a prior period adjustment should the Company's appeal be dismissed.
- (d) An action has been commenced against Dickinson Pacific Cablesystems, California Cablesystems, Inc. and Rogers Cablesystems Inc. by a subcontractor who was responsible for the construction of the community television network for Orange County in Southern California. The subcontractor is claiming amounts are owing to him for various matters and the amounts sought by him aggregate U.S. \$2,440,000. In the opinion of management, the litigation is without merit and the ultimate resolution is not expected to have a material adverse effect on the consolidated financial position of the Company.
- (e) During 1983 Dickinson Communications Limited (DCL) (a 50% owner of Dickinson Pacific Cablesystems) commenced an action against California Cablesystems, Inc. (CCI) (the other 50% owner of Dickinson Pacific Cablesystems) and Dickinson Pacific Cablesystems (DPC) seeking injunctive relief and damages based upon an alleged breach of both usury laws and the DPC partnership agreement. This action is based upon the issuance of certain debentures which issuance

FINANCIAL STATEMENTS

DCL claims required its approval. To date no specific monetary amounts have been sought by DCL in its action.

- (f) On June 1, 1983 litigation was initiated against Rogers Cablesystems of Texas, Inc. The complaint seeks damages of \$10.0 million to be trebled pursuant to anti-trust laws and an injunction against continued construction. While it is too early to predict the final outcome of this matter, management believes that it will not have a material adverse effect on the consolidated financial position of the Company.
- (g) On or about August 8, 1980, James H. Truett Construction Company ("Truett"), commenced an action in the District Court for the 166th Judicial District, Bexar County, Texas against Rogers Cablesystems of Texas, Inc. (RCT). Truett's petition alleges that RCT wrongfully terminated its contract with Truett, dated March 26, 1979, under which Truett was to provide excavation and cable-laying operations in the Bexar County, Texas area. Truett alleges a loss of profits totalling U.S. \$1,711,000, an unspecified loss from the sale of equipment allegedly purchased by Truett in order to perform the contract, a right to exemplary damages grounded in its contention that the termination of the contract was intentional and malicious and a right to attorneys' fees. An answer has been filed by RCT denying the allegations in Truett's petition. No trial date has been set. Management is of the opinion that if the final disposition of the suit is unfavorable it will not have a material adverse effect on the Company's consolidated financial position.
- (h) There exist numerous other legal actions against the Company and its subsidiary companies both in Canada and the United States none of which are expected to have a material adverse effect on the consolidated financial position of the Company.
- (i) The Company has outstanding letters of credit aggregating U.S. \$10 million issued to third parties in connection with the division of Rogers UA Cablesystems, Inc.

17. RELATED PARTY TRANSACTIONS

- (a) The Company incurred charges from Cableshare Inc., an associated company, for data processing services in the year ended August 31, 1983 in the amount of \$2,245,000 (1982, \$2,199,000). The Company's investment in this related company is accounted for using the equity method. Included in accounts payable at August 31, 1983 is an amount of \$175,000 (1982, \$238,000) payable to the related company for services rendered.
- (b) A significant investor in a subsidiary company's cable systems operations was one of the major contractors involved in the construction of the underground cable distribution system. The contracts for underground construction were awarded to the lowest bidder. No amount was paid to this investor in 1983 for construction activities (1982, \$2,708,000).
- (c) Effective December 31, 1981, the Company subscribed for 240,000 cumulative, redeemable, retractable, non-voting Second Preference Shares with a par value of \$100 each in the capital of General Cable T.V. Limited ("General") for an aggregate subscription price of \$24,000,000. The dividend rate and redemption rights on the General Second Preference Shares are essentially the same as the dividend rate and redemption rights on the 240,000 Series IV Preferred Shares of the Company (the "RCI Preferred Shares") held by RCI Cablesystems Holdings Limited ("RCHL"). The subscription by the Company was conditional upon the execution of an agreement between RCHL, the Company and a Director of the Company pursuant to which RCHL agreed that the 240,000 RCI Preferred Shares held by RCHL would be placed in trust with the Director as Trustee. The agreement further provides that if there is any default in the payment of dividends on General's Second Preference Shares, during the

FINANCIAL STATEMENTS

continuance of such default, the Company need not pay dividends on the RCI Preferred Shares beneficially owned by RCHL. In addition, in the event that RCHL or the Company determines to retract the RCI Preferred Shares, the Company can satisfy the redemption price therefor by transferring one General Second Preference Share for each RCI Preferred Share retracted. General and RCHL are companies associated with Rogers Telecommunications Limited.

18. RATE REGULATION

On or about September 1, 1982, substantially all of the Company's Canadian cable systems were limited to a 6% increase in basic rates. Effective July 1, 1983, the Company's Canadian cable systems which were permitted the 6% increase were allowed to receive a further 5% increase. After June 1984, the rate ceiling will no longer apply although there can be no assurance that the same or different ceilings will not then be imposed.

19. SUBSEQUENT EVENTS

(a) Rogers - Minneapolis Cablesystems Limited Partnership

Effective December 14, 1983, the Company completed an offering of limited partnership units to partially finance the construction and operation of a cable system for the City of Minneapolis, Minnesota. The offering totalled U.S. \$25,000,000 of which U.S. \$1,875,000 was due on closing and U.S. \$7,167,000, U.S. \$8,833,000 and U.S. \$7,125,000 are due on January 20, 1984, 1985 and 1986 respectively. A wholly owned subsidiary of the Company is the general partner of the partnership. The general partner will invest capital contributions totalling U.S. \$3,000,000 and transferred its franchise rights for a portion of the City to the partnership in exchange for a non-interest bearing promissory note in the amount of U.S. \$4,960,000 due December 14, 1993. Initially the Company will have a nominal interest in profits, losses and distributions, increasing to a 50% interest if certain profit and cash distribution levels are attained. The Company intends initially to account for this investment on the equity method.

The partnership has also entered into an agreement with three banks to provide long term financing in the amount of U.S. \$55.8 million for the construction of the system. The Company has provided a guarantee of the bank loan in the amount of U.S. \$10.0 million supported by a letter of credit which is in turn guaranteed by Rogers Telecommunications Limited, the Company's parent company.

(b) Rogers - Multnomah Cablesystems Limited Partnership

Effective December 30, 1983, the Company completed the offering of limited partnership units to partially finance the construction and operation of a cable system for areas of Multnomah County, Oregon. The offering totalled U.S. \$7,500,000 of which U.S. \$2,512,000 was due on closing and U.S. \$2,513,000 and U.S. \$2,475,000 are due on May 1, 1984 and 1985 respectively. The general partner, a wholly owned subsidiary of the Company, subscribed for approximately one half of the limited partnership units and, in addition, invested U.S. \$2,500,000. The partnership agreement provides that profits and losses will be allocated 75% to the limited partners and 25% to the general partner. The Company initially has a 62.6% interest in the profits, losses and distributions increasing to 75.1% if certain profit and cash distribution levels are attained.

The partnership has received commitments from a group of banks to enter into a loan agreement to provide a long term bank loan in the amount of U.S. \$25.2 million for construction of the system. The Company has agreed to provide a guarantee of the bank loan in the amount of U.S. \$5.0 million, supported by a letter of credit which is in turn guaranteed by Rogers Telecommunications Limited, the Company's parent company.

SYSTEM OPERATING MANAGEMENT

EASTERN CANADA

Vice-President, Canadian Operations East - William R. Rogers

Cable System Managers

Toronto	Clifford D. Williams	Hamilton	Lee Martini
Kitchener	Donald A. MacAlpine	Brantford	James A. Yardy
London	Gordon E. Symons	Cornwall	Andre D. Cammaert
Mississauga	Chris C. Kofler	Newmarket	Mary E. Blackwell
Oshawa	Lorne F. McFadden	Chatham	S. George Richards
Brampton	Roger Gilodo	Leamington	Arthur S. Gadd

WESTERN CANADA

Vice-President, Canadian Operations West - Michael J. Jervis

Cable System Managers

Vancouver	Frank L. Eberdt
Victoria	Glenn C. Terrell
Fraser	Frank Radelja
Calgary	Vacant

UNITED STATES

Vice-President, Operations - Robert B. Clasen

Cable System Managers

California		Southwest Regional Manager	Robert Singer
-Huntington Beach	Robert J. LaTourette	Texas	
-Southeast Cities	Rudi Engel	-San Angelo	William F. Settle, Jr.
-Garden Grove Group	Stanley W. Johnson	-Laredo	Merl Jones
		-East Texas Group	James C. Blanchard
Minnesota	Gary L. Mizga	-Gainesville	Ricky W. Allen
-Minnesota Southwest		Arkansas	
-Minneapolis		-Fort Smith	Edward D. Davidson
Oregon	Frank E. Nuessle	Tennessee	
-Portland		-Pulaski	Martha M. Hoskins
-Multnomah County	Dan Churchill	Oklahoma	
New York		-McAlester	F. R. Jones
-Syracuse	Mary Cotter	Southcentral Regional Manager	Clay Blanco
Texas		California	
-San Antonio	David Edwards	-El Centro	Tom Mixon
		Arizona	
		-Yuma	Clay Blanco
		New Mexico	
		-Alamogordo	William L. Mason

IRELAND

Cable System Managers

Dublin	Peter C. Grant
Waterford	Robert Murphy

DIRECTORS AND OFFICERS

DIRECTORS

Claude Ducharme, Q.C.
Partner
Desjardins, Ducharme,
Desjardins & Bourque
Montreal, Quebec

George A. Fierheller
Vice-Chairman
Rogers Cablesystems Inc.
Vancouver, British Columbia

Robert M. Francis
Senior Vice-President,
Finance
Rogers Cablesystems Inc.
Toronto, Ontario

John W. Graham, Q.C.
Partner
Cassels, Brock
Toronto, Ontario

Gordon C. Gray, F.C.A.
Chairman & Chief Executive
Officer
A.E. LePage Limited
Toronto, Ontario

Thomas I. Hull
President
Thomas I. Hull Insurance
Limited
Toronto, Ontario

Philip B. Lind
Senior Vice-President
Programming & Planning
Rogers Cablesystems Inc.
Toronto, Ontario

William D. McGregor
President
CAP Communications
Limited
Kitchener, Ontario

Edward S. Rogers
Vice-Chairman &
Chief Executive Officer
Rogers Cablesystems Inc.
Toronto, Ontario

Loretta A. Rogers
Company Director
Rogers Cablesystems Inc.
Toronto

Robert Smith
Chairman & President
Talcop Limited
Toronto, Ontario

**The Hon. Richard J.
Stanbury Q.C.**
Partner
Cassels, Brock
Toronto, Ontario

John A. Tory, Q.C.
President
The Thomson Corporation
Limited
Toronto, Ontario

**J. Christopher C.
Wansbrough**
President
National Trust Company,
Limited
Toronto, Ontario

Colin D. Watson
President
Rogers Cablesystems Inc.
Toronto, Ontario

W. David Wilson
Vice-President & Director
McLeod Young Weir Limited
Vancouver, British Columbia

OFFICERS

John W. Graham, Q.C.
Chairman

Edward S. Rogers
Vice-Chairman &
Chief Executive Officer

George A. Fierheller
Vice-Chairman

Colin D. Watson
President

Robert M. Francis
Senior Vice-President,
Finance

Philip B. Lind
Senior Vice-President,
Programming & Planning

Barry A. Ross
Senior Vice-President,
Corporate

Robert B. Clasen
Vice-President,
U.S. Operations

David E. Friesen
Vice-President,
Administration & Control

Nicholas F. Hamilton-Piercy
Vice-President, Engineering
& Technical Services

Graham W. Savage
Vice-President
Investment Planning

Donald E. Taylor
Vice-President,
Technical Operations and
Purchasing

William A. Scarrow
Treasurer

Albert Gnat
Secretary

Daphne Evans
Assistant Secretary

CORPORATE INFORMATION

Corporate Office

Suite 2602
P.O. Box 249
Commercial Union Tower
Toronto-Dominion Centre
Toronto, Canada
M5K 1J5
(416) 864-2373

Transfer Agent

Royal Trust Company

Bankers

- The Toronto-Dominion Bank
- Canadian Imperial Bank of Commerce
- The Royal Bank of Canada

Auditors

Thorne Riddell

Exchange Listings- Canadian

- Toronto Stock Exchange
- Montreal Stock Exchange
- Alberta Stock Exchange
- Vancouver Stock Exchange

Stock symbols

Class A RCI.A
Class B RCI.B

United States Over-the-Counter

National Association of
Securities Dealers Inc.
(NASDAQ)

Stock symbol

Class B RCINZ

Design: **Ian Jaffray**
Coordination: **Ginny Jones**
Writing: **Stephen Moss**, Moss, Roberts and Associates Inc.
Principal Photography: **Hugh McLaren, Andrew Danson**
Thanks to **Mike Batch** of Vintage Radio and Gramophone,
Cable 10 Rogers, Bill Baker, CFRB and **CHFI** for archival material.

