

Serge Morel

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Videotron – Press information- 1

CFCF INC.

405, avenue Ogilvy

Montréal (Québec) Canada, H3N 1M4

Tel.: (514) 273-6311, Fax.: (514) 273-4488

Management: Marielle Denis, Vice-President, Administration - Bill Merrill, Vice-President, Programming - George Goulakos, Vice-President, Sales and Marketing – Suzanne Gouin, Vice-President, News and Public Affairs - Hélène Archambault, Director, Human Resources Daniel Bienvenue, Director, Technical Services

Sector of activity: CFCF Inc. is a conventional broadcaster (channel 12), and the main player in Montréal's English-speaking market. Its viewership also includes many bilingual Francophones. CFCF 12 is a CTV affiliate.

Main place(s) of business: Montréal

Sales: Not available

Number of employees: 250

Partner since 1996



<http://gvl.videotron.com/>

Videotron – Press information- 1

http://gvl.videotron.com/sp2/sallepresse_ang.html

GROUPE VIDÉOTRON LTÉE (LE)

300, rue Viger est, Montréal (Québec) Canada, H2X 3W4

Tel.: (514) 281-1232

Fax: (514) 985-8425

Management:

André Chagnon, Chairman of the Board and Chief Executive Officer

Claude Chagnon, President and Chief Executive Officer, Vidéotron Communications inc.

Guy G. Beaudry, President and Chief Executive Officer, Wireless Holdings inc. (United States)

Christian Chagnon, Senior Vice-President, Strategic and Technological Planning

Gilles Dulude, Senior Vice-President, Human Resources Vidéotron Communications inc.

Alain Michel, Senior Vice-President and Chief Financial Officer

Suzanne Renault, Senior Vice-President, Legal Affairs and Secretary

Sector of activity: Groupe Vidéotron Ltée is an international communications company. It owns several Canadian subsidiaries active in: cable services (Vidéotron Ltée is the biggest cable operator in Canada with over 1,600M subscribers), telecommunications (Vidéotron Télécommunications), broadcasting (Groupe TVA inc. is the top-ranked TV network in Canada), remote monitoring (Protectron) and interactive multimedia service development.

It is the majority shareholder in OpTel, a company operating the largest network of private and wireless cable services in the United States.

Main place(s) of business: Montréal

Sales: C\$775M

Number of employees: 1994 – 40
1999 – 5,000

Partner since 1981 =? Or ? 1980



Vidéotron – Press information- 1

http://gvl.videotron.com/sp2/sallepresse_ang.html

The 16 January 1995

Development of the Information Highway requires more than one network suggests Groupe Vidéotron

Le Groupe Vidéotron Ltée has filed with the **Canadian Radio-television and Telecommunications Commission (CRTC)** its brief on the development of the Canadian Information Highway titled: "Two wire networks to the home: a guarantee of fair and sustainable competition, to the advantage of Canadians."

In its brief, **Groupe Vidéotron** unconditionally supports the vision put forward by **the Canadian Cable Television Association (CCTA)** in its brief, and the Company strongly reiterates its approval of the government's decision to preserve and promote fair and sustainable competition in the development of the Canadian information highway. **Groupe Vidéotron** maintains that this competitive context is only possible if the system accommodates more than one national network interconnecting Canadian homes, businesses and establishments.

"We applaud the government's proposal to make the information highway environment more competitive and contend that, to do so, it will be necessary to put into place conditions to ensure a viable and sustainable competition," declared **André Chagnon**, Chairman of the Board and Chief Executive Officer of **Le Groupe Vidéotron Ltée**.

The Company's brief is solidly based on its experience in England, describing the British regulatory framework evolution toward a competitive context in the wired communications industry. "Managed competition was introduced in the British market for telephone and cable services, to the benefit of consumers, who now enjoy many innovative services at more attractive prices," explained **André Chagnon**, "and the regulatory framework has allowed new players to enter the market, setting the rules of the game so they can become solidly established."

The brief filed by **Groupe Vidéotron** adds that, with **Canada** being a leader in many respects when it comes to communications, the competitive development of a high-performance Canadian information highway entails not only the participation of many companies known for their ability to innovate, but also, and equally as important, major investments.

With well-documented arguments, the Company shows in its brief that in a regulated industry, the stability and predictability of the regulatory framework are important risk-assessment criteria for investors since they have a major impact on market potential and on the viability and sustainability of competition.

There is strong reason to believe that in a fair and sustainable competitive environment with more than one network, the magnitude of the investments required can be the catalyst for a second period of economic growth, stimulating creation of lasting quality jobs and facilitating the export of Canadian know-how.

"The cable television industry has, for many years, demonstrated its know-how and ability to innovate, as evidenced by the **Vidéoway system and UBI**. As well, the industry has been an exceptional tool in promoting Canadian culture. We, at **Groupe Vidéotron**, are convinced of the substantial value-added component the participation of our industry represents in the **development of the information highway**, and we believe that Canada should not be deprived of it. But it is imperative for us to participate in this development on a level playing field," concluded **Mr. Chagnon**.

Le Groupe Vidéotron Ltée is an international company in the communications industry. The Company owns several **subsidiaries in Canada**, mainly in cable television, television broadcasting and telecommunications. It develops and operates cable and telephone services in England, and has recently entered the wireless cable and private cable businesses in the United States. The technological know-how and experience acquired with the **Vidéoway multimedia system places the Company in the forefront of information highway developers.**

The 17 January 1995

Le Groupe Vidéotron Ltée reports 15% increase in quarterly revenue and files a preliminary prospectus

Le Groupe Vidéotron Ltée reports 15% increase in quarterly revenue and files a preliminary prospectus revenue for the first quarter of fiscal 1995 ended November 30, 1994. All operating sectors contributed to the increase.

Consolidated revenue was \$182.6 million, compared with \$158.7 million, an increase of \$23.9 million, in the corresponding quarter a year ago. United Kingdom operations accounted for \$12.8 million of the increase, while television broadcasting, cable television in Canada and other operations accounted for the balance.

Income from operations before depreciation and amortization rose by 13.1% to \$55.2 million from \$48.8 million in the first quarter last year. The increase reflects noticeably improved results from television broadcasting as well **as additional contributions from other operations**.

Net income in the first quarter was \$4.0 million, or \$0.02 per share, compared with \$6.2 million, or \$0.04 per share, a year ago, all amounts per share net of dividends on preferred shares. **The decline, which was expected, was due mainly to a \$4.9 million increase in depreciation and amortization related primarily to major investments in the U.K. networks.**

Funds generated by operations rose to \$41.7 million, or \$0.37 per share, from \$36.1 million, or \$0.35 per share, in the first quarter last year (All amounts per share are net of dividends on preferred shares).

United Kingdom

U.K. operations are showing good growth in revenue and income from operations before depreciation and amortization," noted Serge Guoin, President and Chief Operating Officer. **"Revenue increased by 87.7% to \$27.4 million, compared with \$14.6 million in the first quarter last year, while income from operations before depreciation and amortization was \$1.6 million, compared with \$0.2 million last year. Cable television revenue was up during the quarter but telephony contributed a greater proportion of the increase."**

Canada

Mr. Guoin also noted that the television broadcasting activities in Canada posted a strong recovery over the first quarter last year with revenue of \$52.5 million, compared with \$47.5 million a year ago. That represents one of the highest totals for that period. Income from operations before depreciation and amortization was up by 44.4% to \$13 million from \$9 million in the previous year.

With respect to the **Canadian cable television activities**, revenue from basic cable service, **Videoway rental and other related services increased** by 3.9% to \$91.8 million from \$88.4 million, reflecting mainly a higher subscriber base than in the corresponding period a year ago.

As of November 30, 1994, there were 1,169,263 basic service subscribers, compared with 1,141,855 a year earlier, while the number of Videoway subscribers was 247,097 in the latest period, compared with 224,592. Most of the growth in Videoway over the last year was recorded in Alberta where the services were introduced in Edmonton. Income from operations before depreciation and amortization increased to \$39.9 million from \$37.3 million.

Financing

Le Groupe Vidéotron Ltée also announces that it has filed a preliminary prospectus with the Quebec Securities Commission and a registration statement with the United States Securities and Exchange Commission under the multijurisdictional disclosure system relating to a proposed offering of US\$ 150,000,000 (\$212,000,000 CDN) principal amount of Senior Notes due 2005.

The net proceeds of this proposed offering, approximately \$146,000,000 US or \$206,000,000 CDN, will be used to reduce the bank indebtedness of Vidéotron Ltée and to redeem First Preferred Shares, Series C of Le Groupe Vidéotron Ltée. Merrill Lynch & Co. will act as lead manager for the offering and Goldman, Sachs & Co. will act as co-manager. The proposed offering is subject to the approval of the securities regulatory authorities, completion of all documentation and pricing.

Le Groupe Vidéotron Ltée is an international company engaged in the communications industry. **The Company owns several subsidiaries in Canada** mainly in cable television, television broadcasting and **telecommunications**. **It also develops and operates cable and telephone services in England and has recently entered the wireless cable and private cable business in the United States.** **The technological know-how and experience acquired with the Videoway multimedia system places Groupe Vidéotron in a leadership position among information highway developers.**

FOR INFORMATION: Alain Michel, Senior Vice-President and Chief Financial Officer (514) 985-8857

July 12 1995

5.4% increase in **Groupe Vidéotron's** nine month revenue

31, 1995, the end of its third quarter, show a steady increase in revenue as was experienced in the preceding quarters of the year. **For the first three quarters of the fiscal year, revenue was up 15.4 %, from \$483.4 million to \$557.9 million. The increase stems in large part from cable television and telecommunications activities in the United Kingdom, a sector that continues to grow, as well as from television broadcasting and cable television activities in Canada.**

Income from operations before depreciation and amortization rose to \$160.3 million from \$143 million in 1994, a 12.1% increase. The television broadcasting subsidiary **Télé-Métropole Inc. contributed \$11.2 million of the \$17.3 million increase in operating income, with the balance provided by cable television and tele-communications activities in the **United Kingdom** and cable television activities in **Canada.****

Net income totalled \$46.6 million or \$0.37 per share for the period, compared with \$19 million or \$0.12 per share in 1994. However, this figure includes a **non-recurring gain of \$64.5 million stemming mainly from the dilution of Groupe Vidéotron's interest in its British subsidiary, Vidéotron Holdings Plc, from 66.3% to 55.8% following this subsidiary's first public share issue last April.** **Net income also takes into account non-recurring provisions of \$22.9 million to reduce the value of certain assets. The largest provision has to do with cable television investments in Canada, as part of the modernization program in progress.** If we exclude these two non-recurring items, net income would total \$5 million, or a loss of \$0.01 per share. **The drop in net income from the corresponding period last year can be attributed to the anticipated higher depreciation and amortization costs and financial expenses arising for the most part from construction of the networks in England.**

Funds generated by operations rose from \$107.5 million or \$0.99 per share as at May 31, 1994, to \$111.9 million or \$0.98 per share as at May 31, 1995. The non-recurring gain on dilution had no impact on funds generated by operations, but certain non-recurring provisions had a negative impact of \$3.4 million on these funds.

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Cable television activities (**Vidéotron Ltée's revenue was up 7.5% for the nine-month period ending May 31, 1994, from \$267.9 million in 1994 to \$288 million this year.** This performance is due to a new rate structure and a slight increase in the number of basic service subscribers. At the end of the third quarter, the company's income from **operations before depreciation and amortization totalled \$113.6 million, up 2.5% from May 31, 1994.**

Television broadcasting activities (The dominant position of **the Télé-Métropole's stations in their respective markets** contributed to the increase in revenue of \$13.2 million or 9.8% for the first three quarters of the year ending May 31, 1995. During this period, income from operations before depreciation and amortization totalled \$32.6 million, up \$11.2 million or 52.3% from the corresponding period in 1994.

Cable television and telecommunications in the United Kingdom. (The **British subsidiary continued to see its progress in different client bases with the monthly revenue per cable television and residential telephone home being among the highest in the industry due to its strong London orientation and its attractive demographics and business presence.** Over a one-year period, i.e. since May 31, 1994, the number of basic cable television subscribers grew by 21.3%, while in telephony the number of residential lines in service was up 56.5%, and the number of commercial lines more than doubled to 10,763. **The 73.5% increase in operating revenue for the first nine months of the year, from \$52.5 million in 1994 to \$91.1 million in 1995, can be attributed to the addition of these new subscriber groups.** Income from operations before depreciation and amortization, for its part, totalled \$7.3 million for the period, compared with \$1.6 million the previous year.

« As shown by our nine-month results, our main operating subsidiaries continue to post strong performances. Furthermore, in England, while **the penetration rate of our cable subscriber base has momentarily slowed, growth in our telecommunications business compares favourably to that of our cable competitors,** » commented Serge Gouin, President and Chief Operating Officer of Le Groupe Vidéotron Ltée. « **This reflects our focus on the continued development of the telecommunications business combined with growing customer awareness of the services we offer within our franchise areas,** » he concluded. **Le Groupe Vidéotron Ltée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and recently entered the American market in wireless cable television and private cable television. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.**

September 5 1995

Coming soon from Vidéoway Multimédia: the first all-infomercial video channel in Quebec

Coming soon from Vidéoway Multimédia: the first all-infomercial video channel in Quebec Ltée, will launch Quebec's first video channel entirely dedicated to infomercials. Capable of reaching over a million homes, INFOPUB, on cable channel 33, will broadcast French-language video programs focusing exclusively on promotion and direct sale of products and services, seven days a week.

INFOPUB will air two types of infomercials lasting 10, 15, 20 or 30 minutes. The first will follow the traditional formula, which consists in demonstrating one or more products and making a firm offer to consumers. The second will enable businesses to offer a service to consumers, with the possibility of personalized, direct communication with the advertiser thanks to a telemarketing service. The INFOPUB channel is the evolution of a still-image advertising channel already available on Vidéotron's network to a video infomercial channel.

"This channel is perfectly in keeping with the trend in new television advertising concepts, and meets the viewer's need for more informative advertising," explained Pierre Dion, Vice-President - Sales and Marketing of **Vidéoway Multimédia**. In his comments about the introduction of the first infomercial channel in **Quebec**, Mr. Dion said he was convinced that INFOPUB Channel is the medium offering the best return on investments for any advertiser. **"INFOPUB offers advertisers concrete advantages in terms of content, time slots, frequency and choice of air time, at a lower cost than any other traditional medium. Among other things, it allows advertisers to create their own television programs in order to demonstrate the multiple features and advantages of their products or services, making it a measurable advertising vehicle capable of generating sales or leads in the very short term."** Mr. Dion further added that beyond broadcasting infomercials, **Vidéotron** can take care of every step in the production and post-production of videos at highly competitive prices.

INFOPUB will be on cable 33 on **Vidéotron's basic service**, which will enable advertisers to reach more than a million homes, from 8 a.m. to 11 p.m., seven days a week, in Vidéotron's licensed areas in Montreal, Quebec City, Sherbrooke, Victoriaville, Cap-de-la-Madeleine and Chicoutimi. **INFOPUB will be part of a future Canadian network dedicated to infomercials.**

Vidéoway Multimédia Inc. is a wholly-owned subsidiary of Le Groupe Vidéotron Ltée. Le Groupe Vidéotron Ltée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. **The Company has several subsidiaries active in Canada**, mainly in cable television and television broadcasting. **It develops and operates cable television and telephone markets in England and wireless cable television and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.**

September 7 1995

Le Groupe Vidéotron Ltée, PC Services Division, announces the introduction of Internet Business Class

Groupe Vidéotron's PC Services Division today announced the introduction of INTERNET BUSINESS CLASS. INTERNET BUSINESS CLASS is an Internet connection now being made available to Quebec businesses. This service offers dedicated telephone connections ranging from 28.8 kb to high-capacity links like DS-1, DS- 2 and DS-3. Various turnkey solutions can also be offered including site hosting applications, electronic transactions and firewalls. At present, local access is available in Montreal, Hull and Quebec City, and will gradually be deployed in other Quebec urban centres. In addition, **the PC Services Division inaugurated on September 1st its high speed link on the Internet via the United States.**

The INTERNET is a network of networks allowing more than 25 million users throughout the world to exchange E-mail, files and software programs. In recent months, the Internet has grown at a tremendous rate through the arrival of user-friendly interfaces allowing content search **on the World Wide Web**

September 22 1995

Videotron Holdings PLC awarded cable and telephony distribution rights in contiguous franchise in Southern England

Holdings Plc, was awarded the exclusive cable distribution rights and the non-exclusive local telephone service rights in the Totton and Hythe franchise area, by the Independent Television Commission. The franchise, which was awarded for the sum of Pound1, is contiguous to the Company's existing franchise areas in Southampton and Winchester in Southern England. With the addition of this franchise, **Videotron's** potential residential customer base has been increased by some 25,199 homes to a total of 1.36 million **UK** homes.

« The addition of this twelfth franchise in the UK reflects Videotron's commitment to remain an important player in the market and to expand its activities into contiguous areas where it makes good business sense, commented **Louis Brunel, Chief Executive Officer and Group Managing Director** of the **UK subsidiary**. We look forward to the contribution this will make to our development. »

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November 9 1995

Le Groupe Vidéotron Ltée and CFCF inc. confirm discussions

Le Groupe Vidéotron Ltée and CFCF inc. confirm discussions concerning the possible sale of Groupe Vidéotron's interests in Télé-Métropole and the possible acquisition of the cable assets of CFCF Inc.

Neither CFCF nor Groupe Vidéotron is in a position to provide more details at this point in time including whether or not a follow-up bid would be made to minority shareholders of Télé-Métropole. There is no assurance that the current discussions will materialize in an agreement. If an agreement was reached, such agreement would, among other things, be conditional upon obtaining the consents of all **relevant regulatory authorities**.

Further communication will be made as soon as possible. CFCF Inc. is a diversified Canadian communications company active in television broadcasting, cable television distribution and production.

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November 20 1995

CFCF and Groupe Vidéotron conclude a transaction to focus their activities in broadcasting and cable television

9, CFCF Inc. and **Le Groupe Vidéotron Ltée**, are pleased to announce a transaction by which **Groupe Vidéotron** will purchase from **CFCF Inc.** all shares of CF Cable TV, for a total consideration of \$515 million, less CF Cable TV's debt, namely \$1,200 per subscriber. **CFCF** retains ownership of a \$25 million Debenture of Regional Cable Systems Inc. due November 1996. The transaction, which is subject to due diligence, approval from **the Competition Bureau and the Canadian Radio-television and Telecommunications Commission (CRTC)**, is expected to close within the following days.

The agreement also provides that subject to closing of the sale of CF Cable, CFCF will launch a take-over bid for all outstanding Class A Voting Shares and Class B Non-voting Shares of Télé-Métropole Inc. for an aggregate cash amount of \$204 million, being \$21.50 per share. CFCF intends to launch the offer within four weeks, if these conditions are met. **Groupe Vidéotron** has indicated its intention to tender all its Class A Voting Shares under the bid, representing more than 99% of all outstanding Class A Shares and all its Class B Non-voting Shares, representing more than 32% of all outstanding shares of such class.

Once the take-over bid is launched, it will be subject to the compliance or waiver of certain conditions, including the valid deposit of the Class A Voting Shares and Class B Non-voting Shares held by Groupe Vidéotron, the obtention of all required regulatory approvals and consents and the absence of any adverse material change in the business of Télé-Métropole Inc. and its affiliates and other standard conditions. Also, as the financing of CFCF bid will arise from the sale of CF Cable, the payment of a portion of the purchase price for CF Cable and the payment for the purchase price of the shares deposited under the bid will be made concurrently.

The agreement received the approval from the **Boards of CFCF Inc.** and **Groupe Vidéotron**.

Mr. Jean A. Pouliot, in his name and on behalf of the organizations which he has control over, undertook to maintain the control of CFCF Inc. until the CRTC has rendered his decision concerning the sale of CF Cable TV.

Claude Chagnon, Vice-Chairman of the Board of Groupe Vidéotron, and Adrien Pouliot, President and CEO of CFCF Inc., both explained that this transaction would permit their companies to focus their activities in cable television and broadcasting respectively. It will also allow them to attain a critical mass within their respective markets, so that they can face the new realities of the communications sector. Finally, it represents, according to Mr. Pouliot, the best way to maximize the value of CFCF shares in the current environment.

Serge Morel

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Groupe Vidéotron is consolidating its position in Canada, particularly in Montréal where it will benefit from economies of scale allowing it to offer to its subscribers a larger diversity of services. This acquisition falls within Groupe Vidéotron's strategy and will permit it to provide telecommunications services more efficiently. Aware of CF Cable TV's French and English clients' expectations, Groupe Vidéotron will maintain the quality and variety of products now available.

CFCF Inc. comes back to its initial mission and will be able to maintain and develop two private French- language television networks in Québec in a context of market fragmentation and a growing number of signals. In this respect, the transaction provides a solution to a difficult structural problem that was negatively affecting the profitability of the two private networks.

The TQS and TVA networks will maintain their mandates and their respective niches in the areas of news and programming. Each network's newsroom, in particular, will remain fully autonomous. Both networks will also continue to work closely on program development with independent producers and hope to make Montréal an international centre of development in the television field with the help of the production and post production affiliates.

CFCF Inc. also stressed that it intends to ensure that the regional activities of the two networks be maintained. The two Québec City stations will be in a stronger position, and TQS will also pursue expansion plans to obtain CRTC's authorization to convert its Rimouski retransmitter into a local station to the benefit of the region.

Management of both companies did announce that meetings will be held with all the employees as soon as Next Monday to communicate more details concerning the transaction.

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INFORMATION: Roch Landriault/Guy Côté, (514) 843-7171

November 29 1995

Le Groupe Vidéotron Ltée and Transworld Communications, inc. sell wireless cable operations to Pacific Telesis Group

Le Groupe Vidéotron Ltée and Transworld Communications, inc. sell wireless cable operations to Pacific Telesis Group Inc. (Transworld), announced today that they have entered into a definitive agreement whereby Pacific Telesis Group will purchase for approximately \$175 million all the stock of Wireless Holdings, Inc. (WHI) and Videotron Bay Area, Inc. (VBAI). The acquisition will be paid for with \$120 million of Pacific Telesis Group stock and \$55 million in cash, and is subject to certain adjustments at closing.

Wireless Holdings, Inc., a joint venture equally owned by Groupe Vidéotron and Transworld, has wireless cable assets and channel leases in San Francisco/San Jose, San Diego and Victorville, California, Greenville, South Carolina, Seattle, Washington and an operating system in Spokane, Washington. In addition, Groupe Vidéotron and Transworld own 80% and 20 % respectively, of Videotron Bay Area, Inc., a wireless cable system in Tampa, Florida. Wireless cable television service competes with traditional wireline cable systems and transmits satellite and off-air television channels to a small receiving antenna at subscriber locations via microwave frequencies.

Certain small private cable and wireline systems were excluded from this agreement and will be disposed of by Groupe Vidéotron and Transworld in the near future. The transaction is subject to certain conditions, including regulatory and Transworld shareholder approval.

"We are very satisfied with the conclusion of this agreement. With the increased attractiveness of the wireless cable assets in the U.S. market, we felt the opportunity was there to realize their value, and by the same token a substantial gain, for our shareholders", commented **Serge Gouin, President and Chief Operating Officer of Le Groupe Vidéotron Ltée, who also added that the proceeds would flow back to Canada. **He further explained that the deal will now allow Groupe Vidéotron to focus entirely on building its private cable business in the United States where it can bring its successful U.K. cable and telephony model to bear on current and future business development.****

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February 20 1996

Le Groupe Vidéotron Ltée confirms rollout strategy for Internet and on-line PC Services

Le Groupe Vidéotron Ltée confirms rollout strategy for Internet and on-line PC Services access to on-line services, reflecting its intention to focus on the full potential of such networks and to energetically develop value-added services in its core Québec market. This strategy, unveiled at the Company's annual meeting of shareholders held today at the Westin Mont-Royal, comprises **a business service through the telecommunications networks and a residential service through the cable network using cable modems.**

Determined to fully exploit the potential of its wide-band networks, especially fibre-optics, the PC Services group of Videoway Communications, a division of Groupe Vidéotron, successfully launched INTERNET Business Class services last fall. "We have succeeded in making our mark in this market and the growth we have achieved has surpassed our expectations," said Serge Gouin, President and Chief Operating Officer of Groupe Vidéotron.

Among its customers is Teleglobe Canada which conveys intercontinental traffic from Europe to the INTERNET Business Class from where it is transmitted through dedicated lines to the United States. It maintains World Wide Web sites and is currently developing complementary services on the Internet platform. In addition to its presence in the Greater Montréal area, INTERNET Business Class service is now offered in the Quebec, Hull, Drummondville, Sherbrooke, Granby, Victoriaville, Chicoutimi, Trois-Rivières and St-Hyacinthe regions. Other regions have access to frame relay type telecommunications network services.

During the annual meeting, Mr. Gouin unveiled the second aspect of this strategy by announcing that **Vidéotron Ltée will launch a high-speed connection for home PCs.** "This service will be offered following conclusive technical tests with **10 Mb cable modems that will be conducted in Brossard, on the South Shore, as well as CRTC rate approvals.** The capacity of the modems and the wide bandwidth of our networks will enable subscribers to receive in a few seconds information that would take almost an hour through telephone lines."

This service will be offered initially in regions where Vidéotron Ltée has modernized its network and made it bi-directional. The service will allow for INTERNET access without a busy signal when subscribers attempt access, along with unmatched quality of sound, text, image and video available on the World Wide Web, the alluring experimental playground of the INTERNET. Subsequently, the service will be quickly made available in other areas served by Vidéotron as network modernization progresses.

During the recent announcement of its intention to realize the value of its **U.K. investment**, **Groupe Vidéotron indicated its determination to further develop its core Canadian and Québec market. The strategy announced today is in line with this decision since its objective is to create new revenue sources and develop new markets.**

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April 10 1996

Groupe Vidéotron sustains revenue momentum with 16.2% increase in first six months

Groupe Vidéotron sustains revenue momentum with 16.2% increase in first six months of fiscal 1996 compared to \$358,068,000 in the corresponding period last year, an increase of 16.2%. The Company's major areas of operations contributed to this increase by maintaining their growth momentum. More than one-third of the higher revenue was recorded in the UK operations and the balance was derived from cable television and telecommunications in Canada and the United States and, to a lesser extent, from television broadcasting in Canada.

Income from operations before depreciation and amortization for the first half ended February 29, 1996 rose by 7.8% to \$111,038,000 from \$103,027,000, despite an increase in direct costs and operating and administrative expenses. However, higher depreciation and amortization and financial expenses during the period had an unfavourable impact, resulting in a net loss of \$9,403,000, or \$0.10 per share, compared to a net income of \$4,104,000, or nil per share, in the 1995 period.

"The major areas of operations sustained their revenue growth momentum," said Serge Gouin, president and chief operating officer. "However, with respect to income from operations before depreciation and amortization, our UK cable television and telecommunications operations contributed a major positive impact. They accounted for close to three quarters of the improvement in income from operations, while television broadcasting and cable television and telecommunications in Canada contributed the remainder." **About the net loss, Mr. Gouin explained it was expected due to the heavy investments made in the United Kingdom and the United States.**

Canadian operations: Revenue from cable television and telecommunications operations increased by 9.0% from the corresponding six months in 1995. This increase resulted from a higher subscriber base and rate base, as well as from telecommunications, where a growing portion of income from operations is related to contracts with external customers. Income from operations before depreciation and amortization was \$81,761,000 compared to \$78,758,000 in the first half last year. It did not track revenue growth due to the fact that \$1.55 of the \$1.75 increase in the base rate was paid as royalty to suppliers of new programming services while a \$2,000,000 contribution was made to the Canadian Programming Fund, as required by the Canadian Radio-television and Telecommunications Commission.

Télé-Métropole recorded revenue of \$95,913,000, an increase of 5.4% from the first half of last year. This increase was due to additional revenues from the referendum campaign in the fall of 1995 and higher advertising rates. Despite this higher volume, the broadcaster managed to control operating expenses and posted income from operations before depreciation and amortization of \$20,442,000 which is 15.0% higher than in the similar 1995 period.

United Kingdom operations: Videotron Holdings posted revenue of \$ 38,000,000 in the first half, up by 40.0% or \$ 11,000,000 compared to the first six months of 1995. All sectors contributed to this good performance, with a 29.3% increase in cable television subscribers and a 51.6% increase in residential telephony subscribers while the number of commercial telephone lines jumped by 54.9% compared to the same 1995 period.

United States operations: OpTel, Inc. continued to market its private cable services successfully. Revenue for the first half totalled \$16,715,000 and the cable television subscriber base grew by 15,094 or 20.0%, bringing to 91,038 the number of subscribers at February 29, 1996. **The company acquired right of entry to 40,668 new multiple dwelling units. OpTel recorded a loss from operations of \$826,000 in the first half of 1996 as a result of operating and administrative expenses related to its start-up.**

Le Groupe Vidéotron Itée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

April 19 1996

Groupe Vidéotron announces \$21.50 cash takeover bid of CFCF shares

Groupe Vidéotron announces \$21.50 cash takeover bid of CFCF shares CFCF Inc.'s principal shareholder pursuant to which the Pouliot family will irrevocably tender all its Multiple Voting Shares and 400,000 Subordinate Voting Shares in a takeover bid which Groupe Vidéotron will launch on or before April 29, 1996. Groupe Vidéotron will offer to purchase all Multiple Voting Shares and Subordinate Voting Shares of CFCF for a cash offering of \$21.50 per share.

Groupe Vidéotron's bid will contain conditions that are customary in these types of bids. The bid will also be conditional on at least 66 2/3 % of the Subordinate Voting Shares being tendered and on obtaining the appropriate regulatory approvals from the **Competition Bureau** and the approval of the voting trust agreement by the **Canadian Radio-television and Telecommunications Commission**.

The agreement with CFCF's principal shareholder and the launch of the takeover bid have received approval from **Groupe Vidéotron's Board of Directors**. The **CFCF Board of Directors** has agreed to terminate the agreement reached with **Groupe Vidéotron** on November 18, 1995 and which was to have been submitted to CFCF shareholders in an extraordinary meeting to be held today.

Mr. Claude Chagnon, Vice-Chairman of the Board of Groupe Vidéotron explained that the purchase of CFCF will allow Groupe Vidéotron to further increase its competitiveness in all of its areas of business. "Fundamentally, this transaction will allow us to achieve the dual objective of strengthening and consolidating our cable activities, while providing a needed step towards solving the difficult French broadcasting structural environment in Québec." He further added that it will give Groupe Vidéotron the critical mass to face the evolving and increasingly competitive landscape in the communications industry. "The acquisition will strengthen Groupe Vidéotron's overall position in the Canadian cable industry, and more specifically in the Montreal Metropolitan area where it will gain seamless access to the entire market. It reflects Groupe Vidéotron's development strategy and will allow us to efficiently offer a variety of new communications services".

Sensitive to the concerns of CF Cable's subscribers with regards to this transaction, **Groupe Vidéotron** pointed out that it fully intends to act in a manner that is wholly respectful of their programming choices and expectations.

Furthermore, **Groupe Vidéotron** intends to ensure the continued operation and development of Québec's two private French broadcast networks, at a time of market fragmentation and **creation of multiple broadcast venues**.

TD Securities Inc is acting as financial advisor to Le Groupe Vidéotron in this transaction.

CFCF Inc. is a diversified Canadian communications company active in television broadcasting, cable television and production.

Le Groupe Vidéotron Itée is an international communications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

April 21 1996

Groupe Vidéotron launches takeover bid for CFCF inc.

Groupe Vidéotron launches takeover bid for CFCF inc. that it has launched and mailed a takeover bid for all outstanding shares of CFCF Inc, for a cash price of \$21.50 per share. The offer expires May 14, 1996 at 8:00 p.m., Montréal time.

Le Groupe Vidéotron Itée is an international communications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

April 24 1996

Groupe Vidéotron: Cogeco offer for CFCF inc. pointless

Groupe Vidéotron: Cogeco offer for CFCF inc. pointless in response to the amended offer for CFCF Inc. made public by Cogeco Cable today, Le Groupe Vidéotron states that Cogeco's offer is of no value to the shareholders of CFCF since Cogeco has not waived its condition that 90% of the CFCF Multiple Voting Shares be tendered.

Groupe Vidéotron reached an agreement on April 19 with CFCF Inc.'s controlling shareholder, who committed to tender all the outstanding Multiple Voting Shares and 400,000 Subordinate Voting Shares in a Groupe Vidéotron takeover bid launched on April 21, for all outstanding CFCF Shares for an all cash consideration of \$21.50 per share. The agreement with CFCF's majority shareholder is irrevocable, provides that **the Pouliot family tender their shares exclusively to Groupe Vidéotron's offer** and assures **Groupe Vidéotron of over 50 % of the votes of CFCF Inc.**

Groupe Vidéotron believes that Cogeco's latest offer will cause confusion in the market for CFCF shares by building expectations for CFCF shareholders which are extremely unlikely to be realized. This offer is contingent upon, among other things, Cogeco acquiring 90 % of the Multiple Voting Shares of CFCF Inc. Cogeco's ability to waive this condition is very doubtful.

Groupe Vidéotron's offer remains unchanged at \$21.50 cash per share, expires on May 14, 1996 at 8:00 p.m. (Montreal time).

Le Groupe Vidéotron Itée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

April 25 1996

CFCF controlling shareholder tenders shares in Vidéotron takeover bid

CFCF controlling shareholder tenders shares in Vidéotron takeover bid April 21, 1996 and in accordance with the lock-up agreement reached with Groupe Vidéotron, CFCF's controlling shareholder, **the Pouliot family, today tendered their 1,497,440 Multiple Voting Shares, equivalent to all of the outstanding Multiple Voting Shares, and 400,000 Subordinate Voting Shares of CFCF Inc. The tender of these shares ensures Groupe Vidéotron of more than 50% of the voting rights in CFCF Inc.**

Furthermore, Groupe Vidéotron states that any CFCF shareholder who wishes to review the agreement reached with the Pouliot family can do so at **Groupe Vidéotron's offices during regular business hours through the office of the Vice President, Legal Affairs. Groupe Vidéotron also points out that a copy there of was sent to Cogeco Cable.**

The takeover bid for all Multiple Voting Shares and Subordinate Voting Shares at a price of \$21.50 cash expires on May 14, at 8:00 p.m. (Montréal time).

Le Groupe Vidéotron Itée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway

April 29 1996

Groupe Vidéotron reacts to the proceedings filed by Cogeco Cable

Groupe Vidéotron reacts to the proceedings filed by Cogeco Cable which, simultaneously before two different jurisdictions, the Québec Superior Court and the Commission des valeurs mobilières du Québec, aim at setting aside the deposit agreement of April 19th pursuant to which the principal shareholder of CFCF has agreed to tender its shares under the Groupe Vidéotron Offer.

Groupe Vidéotron feels that this move is unfounded and intends to contest these proceedings vigorously, insofar as it is concerned by them.

1. Nothing prevents a majority shareholder from selling its shares and to make undertakings in that respect.

There is no judicial precedent negating this right. Cogeco Cable pretends it is the defender of minority shareholders. Groupe Vidéotron is rather of the opinion that the likely objective sought by Cogeco Cable was, and continues to be, to prevent from occurring a transaction to which it is not a party.

Cogeco Cable is once again ensuring the continuation of this saga. By attempting to delay and obstruct the Groupe Vidéotron Offer, Cogeco Cable is in fact, once more, harming the CFCF minority shareholders.

2. The proceedings instituted by Cogeco Cable could constitute an abuse of process by a party which has not succeeded in reaching an agreement with either **CFCF or the Pouliot family**. Obviously, Cogeco Cable continues on a path initiated several months ago:

The participation of Cogeco Cable in the share capital of CFCF was only established in 1995: Cogeco Cable acquired 1,185,000 shares of CFCF from March to November 1995.

On November 22, 1995, Cogeco Cable launched its initial public take-over bid for CFCF valued at \$18.50 by Cogeco Cable on the basis of \$11.50 cash and one Cogeco Cable share. This Offer was varied or extended on numerous occasions even though it was subject to conditions which were impossible to meet.

This take-over bid was increased by Cogeco Cable on April 9, 1996 to an amount valued at \$20.00 by Cogeco Cable - \$16.00 cash and half a Cogeco Cable share, containing conditions that are still impossible to meet.

Cogeco Cable thus, has had more than 5 months to conclude a deal with **the Pouliot Family**, something it was unable to do.

3. On April 9th, Cogeco Cable's President stated that the improved Offer by Cogeco Cable for CFCF shares (representing \$16.00 cash and half a Cogeco Cable share - which Offer was valued at \$20.00 per share by Cogeco Cable) represented an "excellent value for all CFCF shareholders". He added that \$20.00 per share represented the "true value of CFCF".

It is hard to comprehend how Cogeco Cable can now accuse the principal shareholder of CFCF of being unreasonable because it accepted on April 19th to be bound by a \$21.50 cash offer.

The Groupe Vidéotron Offer improved the April 9 Cogeco Cable Offer by an additional amount of at least 93 million dollars. When the Pouliot family accepted to sell its shares to Groupe Vidéotron, 5 months after the asset swap agreement of November 18, 1995, it therefore accepted the highest Offer, which Offer contrary to Cogeco Cable's Offer, is payable entirely in cash.

Mr. Claude Chagnon reiterates that the Groupe Vidéotron Offer is fair and attractive for all CFCF shareholders. He therefore invites shareholders to tender their shares in the Groupe Vidéotron Offer; these shares will then be paid within three days from the expiry of the Offer which is scheduled to expire on May 14, 1996.

Le Groupe Vidéotron Itée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

May 10 1996

Groupe Vidéotron would extends takeover bid on CFCF

Groupe Vidéotron would extends takeover bid on **CFCF** only today, leaving little time for a judgment to be rendered before the 14th of May, 1996, expiry date of **Le Groupe Vidéotron Itée's** takeover bid on **CFCF Inc.** In the circumstances, **Groupe Vidéotron** has decided, unless judgment is rendered by **The Honorable Mr. Justice Trudel** on Monday, May 13, 1996, by 5:00 pm, to extend the takeover bid of \$21.50 all cash, for each multiple voting share and each subordinate voting share, subject to the same terms and conditions, to May 24, 1996. The formal notice of extension, if any, would be sent to shareholders of **CFCF** at the end of the day on May 13, 1996.

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May 13 1996

Groupe Vidéotron extends takeover bid on CFCF

Groupe Vidéotron extends takeover bid on CFCF takeover bid on CFCF Inc., of \$21.50 all cash, for each Multiple Voting Share and each Subordinate Voting Share.

The offer made on April 21st, 1996 and which was to expire on May 14th, 1996 at 8:00 pm, is extended and can be accepted up until May 24th, 1996, 11:59 pm. The formal notice of extension will be sent to shareholders of CFCF at the end of the day on May 13, 1996.

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May 21 1996

Groupe Vidéotron extremely satisfied with Superior Court decision

Groupe Vidéotron extremely satisfied with **Superior Court decision in Quebec Superior Court** today, which rebukes Cogeco's recourse. **The Honorable Justice Trudel's** decision in effect confirms the validity of the agreement struck between **Groupe Vidéotron** and **Jevlam Inc., CFCF's majority shareholder**, by virtue of which **Jevlam** had accepted to irrevocably tender part of its shares in **Groupe Vidéotron's** takeover bid.

Having taken notice of **Justice Trudel's decision, monsieur Claude Chagnon, Vice-Chairman of the Board of Groupe Vidéotron** concluded, "We certainly hope that this decision finally brings this saga to an end and that the companies concerned will be able to focus their entire efforts on their operations, which is in the best interests of their employees, clients and shareholders."

Groupe Vidéotron's takeover bid announced on April 21, 1996 at \$21.50 cash per share expires on May 24, 1996 at 11:59 p.m. (Montreal time). CFCF Inc. shareholders have until this date to tender their shares.

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May 25 1996

Groupe Vidéotron takes up and pays for 100% of the multiple voting shares and 96.11% of the subordinate voting shares of CFCF inc. and extends its offer

Groupe Vidéotron takes up and pays for 100% of the multiple voting shares and 96.11% of the subordinate voting shares of CFCF inc. and extends its offer [3242722 Canada Inc.](#) has taken up and paid for 100% of the Multiple Voting Shares and 96.11% of the Subordinate Voting Shares of CFCF Inc., without giving effect to the conversion of the outstanding convertible debentures of CFCF Inc., pursuant to the offer dated April 21, 1996 as extended on May 13, 1996, at a cash price of \$21.50 per share.

Groupe Vidéotron has also announced that the offer has been extended to Monday, June 3, 1996 at 11:59 p.m.(Montréal time) in order to give those shareholders who have not yet tendered their shares into the offer the opportunity to do so.

Of the 12,637,123 Subordinate Voting Shares of CFCF Inc. deposited pursuant to the offer, 1,184,800 shares were tendered by Cogeco Cable Inc., 1,256,500 shares were tendered by Oppenheimer & Co., Inc. and 2,694,880 shares were tendered by the Pouliot Family.

Mr. Claude Chagnon, Vice-Chairman of Groupe Vidéotron declared himself "very satisfied with the results of the offer, which put an end to the unproductive uncertainty that existed over the past several months for employees and shareholders."

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June 3 1996

Groupe Vidéotron extends its offer on CFCF

[Groupe Vidéotron](#) extends its offer on [CFCF](#) 14, 1996 its takeover bid on CFCF Inc. for \$21.50 in cash for each Multiple Voting Share and each Subordinate Voting Share. Groupe Vidéotron further announces that it intends to take up and pay today all of the Subordinate Voting Shares tendered and not withdrawn. At the close of business on June 3rd, the total number of Subordinate Voting Shares tendered under the Offer represented 97.3% of the outstanding shares of that class before giving effect to the conversion of outstanding Convertible Debentures of CFCF, and 81.9% on a fully diluted basis.

The offer made on April 21, 1996 and which was to expire today at 11:59 p.m. is extended to give all remaining holders of Subordinate Voting Shares and of Convertible Debentures of CFCF the opportunity to tender them under the Offer.

The Offer can be accepted until 8:00 p.m. on June 14, 1996 (Montreal time). The formal notice of extension will be mailed tomorrow to shareholders of CFCF.

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June 5 1996

Deployment of [UBI Electronic Highway](#) starts this fall in Chicoutimi and Jonquière

[UBI electronic highway](#) will progressively be installed starting in October 1996, [Sylvie Lalande, President & CEO of Consortium UBI Inc.](#) announced at a press conference today.

Serge Morel

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At this same event, she also announced that the technological platform will be a combination of two modes: the television broadcasting mode providing simultaneous service to a large number of users, and the server mode, responding to user demands. In addition to the terminal and alphanumeric remote control, a mini-printer will also be deployed to participating homes in Jonquière and Chicoutimi.

"UBI is hereby keeping its commitment to be the first home electronic highway with a broad penetration of 80 percent of homes served in the region," Lalonde noted. "With this guaranteed coverage, UBI is also likely to remain the only highway accessible to most of the population for a long time to come."

"If we consider the other guiding principles of UBI, such as user-friendliness, free access to services, and billing to service providers rather than users, UBI is still the only initiative of its type in the world offering banking and financial services, electronic mail, home automation, distance learning, electronic flyers and catalogues, home shopping and direct marketing, government services, etc.," explained André Chagnon, Chairman of the Board and CEO of Le Groupe Vidéotron Ltée.

The deployment will be preceded by an initial small scale deployment in 50 trial homes in early October 1996, followed by a second wave of 450 additional terminals, and then 1,500 others in November/December. The multimedia services will become available through a gradual phase-in based on a commercial strategy. The wide-scale deployment of home equipment will start immediately after the end of initial small scale deployment and will be followed in the Spring of '97 by the commercial phase where, for nine months, 30,000 participating homes will validate the concept.

Consortium UBI Inc. is dedicated to developing and deploying an electronic highway which the vast majority of homes in Quebec can not only access but can also navigate without being billed for use. To achieve this goal, UBI will provide free access via television to a wide range of interactive and transactional multimedia services from private and public sector service providers. The founding partners of the Consortium are the National Bank of Canada, Loto-Québec, Hydro-Québec, Le Groupe Vidéotron Ltée, Canada Post Corporation and The Hearst Corporation.

July 10 1996

Groupe Vidéotron: nine months of continued increase in revenue

Groupe Vidéotron: nine months of continued increase in revenue ended May 31, 1996, of 15 % compared to the previous year. At the end of the third quarter of the current fiscal year, consolidated revenues had reached \$641,527,000 an increase of \$84,521,000 over the corresponding period the year prior. Nearly half, or \$34.6 million, of this increase comes from the company's subsidiary in the United Kingdom. Cable television and telecommunications in Canada and private cable in the United States generated almost equal shares of the remainder of the increase. Business growth in the United Kingdom, the launch of operations in the United States, and, to a lesser extent, higher costs related to programming suppliers and to a broader subscriber base in Québec combined to produce an increase in direct costs and operating expenses. These items grew from \$106,980,000 to \$139,558,000 and from \$288,670,000 to \$327,792,000 respectively.

At the end of the first nine months of the 1996 financial year, income from operations before depreciation and amortization reached \$174,377,000, an increase of 8.1% or \$13,021,000 from the previous year. All the main operating sectors, excluding the United States where operations are just beginning, contributed to these results. The continued buildout of the network of the U.K. subsidiary and major investments made in the United States operations played a significant role in the 19.6% increase in amortization and the 55.9% rise in financial expenses over last year. As a result, and given income taxes and non-controlling interests in subsidiaries, Groupe Vidéotron reported a net loss of \$13,792,000 or \$0.14 per share for the nine months ended May 31, 1996 compared with a net income of \$45,359,000 or \$0.36 per share registered in 1995. It should be noted that last year's nine-month net income included a non-recurring gain of \$64,500,000, net of income taxes, stemming from the UK subsidiary's IPO and non-recurring provisions of \$22,900,000, net of income taxes, related to certain assets. "Business in our subsidiaries is growing at a steady and very satisfactory rate.

This is reflected in our revenues and in operating income before amortization. Though they may have a negative impact on our bottom line in the short term, the continuing buildout of the U.K. network and our investments in the United States are concrete proof of the value we are creating for our shareholders." said Serge Gouin, President and Chief Operating Officer of Groupe Vidéotron. For the first nine months of 1996, funds generated by operations increased by 12.8% to \$124,907,000 or \$1.13 per share compared to the comparable period of 1995 when they were \$110,716,000 and \$0.97 per share.

9/20/2000

Page 227 of 579

CANADA. In Canada, revenues from the cable television and telecommunications operations increased 7.6% during the first nine months to \$317,410,000, surpassing the \$294,971,000 posted in 1995. This performance can be attributed to three factors: the 54% increase in revenues at Videotron Télécom, the majority of whose revenues are generated from external clients; the increase in the rate base at Vidéotron Itée and a 2.4% increase in subscriptions. The number of subscribers to the basic service, at May 31, 1996, was 1,196,544, an increase of 27,451 from the same date last year. Operating revenues at Télé-Métropole for the nine-month period rose by 2.5% to \$151,774,000 from the \$148,132,000 for the same period in 1995. This growth reflects increased and unexpected revenues attributable to infomercials and to the Québec Referendum during the fall of 1995.

UNITED KINGDOM Business at **Videotron Holdings Plc** continued to grow rapidly. Revenues for the nine months of the current fiscal year totalled \$59,921,000 an increase of 43.8% over the previous year. All three operating sectors contributed to this strong performance: cable television, where the number of subscribers rose by 30.4%; residential telephone services, where the client base jumped 49.6%; and commercial telephone services, where the number of lines increased by 52.3% and the average revenue per business line climbed by more than \$6.00 per month.

UNITED STATES The U.S. subsidiary, Optel Inc., continued to reap the benefits of its marketing efforts during the first nine months of the current fiscal year. It recorded revenues of **\$26,698,000** and its cable television subscriber base increased by 32,992 to reach 108,936 at May 31, 1996. In addition, during this period, **OpTel acquired rights to an additional 65,447 units.**

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August 2 1996

Groupe Vidéotron and its U.S. partner agree to resolve lawsuit

Groupe Vidéotron and its U.S. partner agree to resolve lawsuit and Vanguard Communications, L.P. ("Vanguard") jointly announced today that they have agreed to resolve all disputes and pending proceedings between them, including the lawsuit instituted by Vanguard in January 1996 against Le Groupe Vidéotron Ltée and VPC Corporation pertaining to OpTel, Inc. ("OpTel"), a joint venture owned by VPC Corporation and Vanguard.

Under the settlement agreement, VPC Corporation purchased 12,540 shares of OpTel Class B stock from Vanguard for US\$ 20,000,000. These shares represent approximately 10 % of the outstanding common stock of OpTel. Following this transaction, VPC owns approximately 84 % of the outstanding OpTel stock and Vanguard owns the remaining 16 %. Vanguard was also granted an option to purchase 2,663 additional Class B Shares of OpTel which could increase its equity position in the company to 18.25%.

As part of this agreement, the parties exchanged releases and agreed to take all steps necessary to discontinue the lawsuit with prejudice. In addition, the parties modified the existing stockholders agreement of OpTel concerning the structure of the Board of Directors of OpTel and the terms and conditions of advances made by VPC to OpTel.

Both Louis Brunel, President of VPC Corporation, and Jonathan Lloyd, Chairman of Vanguard were satisfied with the agreement: "It was our common wish to settle this dispute in order to pave the way for OpTel's continued strong growth and to enhance its value."

OpTel is a Dallas based telecommunications company that acquires, **develops, and operates systems which provide telephone and cable services to residents and owners of multifamily communities in markets throughout the United States.** It presently delivers service to more than 700 multi-dwelling properties in the country, and its total active cable passings exceed 200,000.

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September 16 1996

National Media and Videoway Communications to begin interactive infomercials in Canada

National Media and Videoway Communications to begin interactive infomercials in Canada of Le Groupe Vidéotron Itée, announced today an agreement pertaining to the testing of interactive infomercials with consumers in Québec Province, a potential audience of some 2 million households.

Initial testing will begin October 31, 1996 and will involve approximately 30,000 homes in the Saguenay region by March 1997. The infomercials will be delivered through an "interactive box" as part of an existing cable system and as part of the UBI Home Electronic Highway.

Jean-Paul St-Denis, Vice President of Videoway Communications and General Manager of UBI business unit said, "This is the first time that infomercial programming will be used in an interactive system that will be in 80% of the homes. We are very excited about the potential provided by Canadian consumers who have readily accepted National Media's programming."

The Canadian test puts National Media in the company of a large number of service providers among which are the six partners that form the UBI Consortium. These six partners include Hydro-Québec, Loto-Québec, National Bank of Canada, Canada Post Corporation, "The Hearst Corporation" and Le Groupe Vidéotron.

Mark P. Hershorn, President and Chief Executive Officer of National Media Corporation, said, "This is truly the forefront of transactional entertainment television, providing consumers convenience, security and quality right in their homes."

Infomercials will be delivered through as many as 60 still images per product, with consumers free to click-and-search throughout a variety of products and pieces of information. To order, the consumer will simply have to confirm the order and his name, address and credit card information will automatically be sent to a fulfilment center. A printer, that comes as part of the UBI package will print a receipt of the transaction as the order is sent out.

National Media has been producing infomercials in French for an audience of more than 1.5 million Québec television households and will program the interactive presentations in the same language.

In other parts of the UBI Consortium package consumers can receive financial services, health information, interactive games, educational courses, couponing, electronic circulars, home shopping and an array of data and information services.

Details of the financial agreement between the companies were not disclosed.

National Media Corporation is the world's largest publicly held infomercial company and has built a strong, integrated, global consumer marketing company through its expertise in transactional entertainment television and, with its subsidiary companies, brings infomercial programming to more than 270 million households world-wide.

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Le Groupe Vidéotron ltée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Videoway multimedia system enables it to play a leading role in the development of the information highway.

For information: Jean-Paul St-Denis (514) 985-8460

September 18 1996

CFCF appeals decision of the QSC

CFCF appeals decision of the QSC with respect to a decision rendered by the Québec Securities Commission on August 22, 1996 in connection with the proposed amalgamation of CFCF with 3242722 Canada Inc., a subsidiary of Groupe Vidéotron Ltée. Following a take-over bid launched earlier this year on the shares of CFCF, 3242722 Canada Inc. acquired 100% of the Multiple Voting Shares and 99.75% of the Subordinate Voting Shares of CFCF. The decision of the Commission, rendered following a petition by CFCF convertible debenture holders, suspended a special general meeting of CFCF shareholders called for August 23, 1996 to consider for approval the proposed amalgamation. This suspension was imposed in order to acknowledge the right of convertible debenture holders to approve the amalgamation pursuant to Policy No Q-27 of the Commission. Among other things, CFCF intends to establish in appeal that the provisions of Policy No Q-27 are not applicable as regards the convertible debenture holders, in view of the fact that they are bound by the trust indenture governing the convertible debentures and that any requisite approval on their part has already been obtained.

Furthermore, CFCF insists that it has, at all times, taken the necessary steps so that all its securities holders be treated fairly and be fully informed of its intentions. Since becoming the controlling shareholder of CFCF, Groupe Vidéotron has adhered to the same course of action. CFCF is a diversified Canadian communications company active in television broadcasting, cable television and production.

October 4 1996

The Vidéotron/CFCF transaction – Groupe Vidéotron's vision: to create a major communications group

The Vidéotron/CFCF transaction – Groupe Vidéotron's vision: to create a major communications group to create a large integrated group capable of meeting the urgent challenges facing Canada's communications industry," said Guy G. Beaudry, Vice President, Corporate Affairs, at Groupe Vidéotron.

The importance of creating a large communications group is a key argument in Vidéotron's application, which will be reviewed by the Canadian Radiocommunications and Television Commission (CRTC) starting in December. Entitled Global Outlook: A Vidéotron Quest, the over-1, 500-page detailed application being released today seeks to obtain approval for the transfer of control of CFCF Inc.'s broadcasting and distributing companies to Groupe Vidéotron.

Attaining Critical Mass

"Our industry has changed considerably over the past 10 years," said Beaudry. **"We are at the dawn of a new age in communications and information technology. As the borders that used to define and separate us disappear, it is time for major players in the industry to emerge."**

The transaction between Vidéotron and CFCF is in keeping with a worldwide trend towards more vertical integration in the communications industry, which is characterized by markets opening up, fundamental technological revolutions and an unprecedented increase in competition. "In response to those conditions, the trend both in North America and around the globe is towards consolidating assets and creating integrated groups," explained Beaudry. "Companies that want to remain competitive have to become major players and attain critical mass."

Reorganization Necessary

Groupe Vidéotron has acquired all of CFCF Inc.'s assets, which mainly consist of CF Cable TV, the Télévision Quatre Saisons (TQS) network and television station CFCF-12. At the same time, Vidéotron has promised to sell off CFCF-12 within 12 months of approval of the transaction.

In the cable-TV sector, the proposed merger has become necessary to meet the challenge of competition from new players, other means of distributing broadcasting services and gradual industry deregulation. The larger client base that will result will also make it possible to speed up the development of new products as well as the offering of new services related to the latest technologies.

In the realm of television broadcasting, common ownership of TVA and TQS is the best guarantee of viability, integrity and vitality for Quebec's two private general television networks. Groupe Vidéotron is confident that the benefits of consolidating the two networks for the public as well as for the French-language broadcasting system greatly outweigh the concerns associated with the concept of extended ownership.

Public Hearings Scheduled

The CRTC's public hearings will get underway in Montreal on December 2, 1996 with a decision expected in March 1997. Today's release of Vidéotron's application to the CRTC marks the beginning of public discussion of the transaction. Any person or organization interested in seeing the application may do so at the offices of the CRTC or either of the two firms.

To give as many people as possible a chance to learn more about the transaction, Groupe Vidéotron has created a special Internet site that outlines the transaction and its CRTC application. The interactive site, which is designed to allow the free expression of views, will be accessible as of Monday, October 7 at <http://www.gvl-cfcf.videotron.com>.

Le Groupe Vidéotron Itée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. The Company has several subsidiaries active in Canada, mainly in cable television and television broadcasting. It develops and operates cable television and telephone markets in England and private cable television in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

Source: Sylvia Morin, Director, Corporate Affairs, Le Groupe Vidéotron Itée, (514) 985-8573

Contact: François Sormany, Bazin, Larouche, Sormany,
Vigneault, Communications and Public Affairs, (514) 282-1100

October 22 1996

Télé-Métropole inc. reaches an agreement in principle to acquire TQS

Télé-Métropole inc. reaches an agreement in principle to acquire TQS this morning that an agreement in principle has been reached under which Télé-Métropole would acquire the Télévision Quatre Saisons network (TQS). This transaction follows upon the intentions expressed in the announcement by Groupe Vidéotron and CFCF Inc. in April, 1996. The transaction is subject to approval by Télé-Métropole Inc.'s board of directors. The board of directors has set up an independent committee to make a recommendation based on the best interests of the company and its shareholders. The transaction is also subject to approvals by the Competition Bureau and the Canadian Radio and Telecommunications Commission.

The purchase price will consist of two elements. First, an amount currently estimated at \$10 million to be adjusted according to the audited net tangible assets of TQS on the closing date set for March 31, 1997.

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Second, there will be an additional amount, to a maximum of \$15 million, payable only if certain levels of Télé-Métropole's consolidated operating profits (including those of TQS) are attained in fiscal years 1998 to 2002.

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INFORMATION: Sylvia Morin, Director, Public affairs, Le Groupe Vidéotron Itée, (514) 985-8573

Renée-Claude Ménard, Director of Communications, Télé-Métropole Inc., (514) 598-6396

October 30 1996

Groupe Vidéotron sells its stake in Videotron Holdings to Bell Cablemedia for Cdn \$825 million – cash

Groupe Vidéotron sells its stake in Videotron Holdings to Bell Cablemedia for Cdn \$825 million – cash announced that it has reached an agreement to sell its 56% interest in Videotron Holdings Plc to Bell Cablemedia Plc for a total consideration of approximately Cdn\$825 million (US\$600 million) in cash, or the equivalent of US\$19.75 per American Depository Share (ADS). This agreement is subject to various conditions including regulatory approvals.

"We are extremely satisfied with this agreement which allows us to reach all of the objectives we had set for ourselves when we announced that we would consider realizing our investment in the UK. We think that US\$19.75 per Videotron Holdings Plc ADS recognizes the worth of the unique asset we have built over the past eight years," explained André Chagnon, Chairman and Chief Executive Officer of Le Groupe Vidéotron Itée. "And, just as importantly, this sale allows us to repatriate the funds needed to fuel our growth in North America, and to reduce our indebtedness in Canada."

This transaction puts a total value of Cdn\$1.5 billion (US\$1.1 billion) on the share capital of Videotron Holdings Plc, and when taking into account debt, an enterprise value of Cdn \$2.2 billion (US \$1.66 billion).

For Groupe Vidéotron, the proceeds of Cdn\$825 M in cash will provide considerably more financial flexibility which, combined with the experience gained in telecommunications in the UK, strengthens the company's competitive positioning in Canada and its ability to meet the challenges of entering new related markets. "We now find ourselves with increased financial means, to capitalize on the tremendous opportunities we see in the North American market, especially in telecommunications and in the information highway industry," added Mr. Chagnon.

Mr. Chagnon further explained that the agreement was satisfactory on another front: "We are pleased that the same value offer will be extended to Videotron Holdings Plc's minority shareholders, and that investors who have supported us throughout its development will be able to share in our success.

The sale is expected to close within 60 days of this announcement.

Videotron Holdings Plc provides residential cable and telephony services, as well as business telecommunications. Its franchises in Greater London are considered to be amongst the best in England. The franchises represent a potential customer base of some 1.4 million households and 138,000 businesses, of which approximately 50,000 businesses are in The City and Westminster. Prior to this agreement, Bell Cablemedia Plc held 26% of Videotron Holdings, and public investors 18%.

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November 1 1996

Groupe Vidéotron appoints new president and COO and confirms operating structure

Vidéotron Itée, on behalf of the Board of Directors, today announces certain changes at the senior management level of the company.

Serge Gouin steps down

Mr. Serge Gouin is leaving the Company after having served as President and Chief Operating Officer of Groupe Vidéotron for the past five years. Serge Gouin, who joined the Company in 1987, served as President of Télé-Métropole before moving to a similar position with Groupe Vidéotron in 1991.

"Serge is leaving us after completing several important mandates for the company, including the rigorous management of Télé-Métropole at a time when a turnaround was required, the establishment of strict operating controls within Groupe Vidéotron, our entry into the US market and more recently the divestiture of our subsidiary. He also worked closely with Claude and myself over the past year, to reorganize our operational structure and develop a strong team of high calibre senior managers," said André Chagnon. "I thank him for his considerable contribution to our organization."

Claude Chagnon appointed President and COO

Effective immediately Claude Chagnon takes over as President and Chief Operating Officer of Groupe Vidéotron. He was also appointed Chairman of the Board of Télé-Métropole inc.

Active in the management of Groupe Vidéotron and its subsidiaries since 1982, Claude Chagnon has successively held several management positions, including Vice-President and General Manager - Québec Division and Vice-President and General Manager - Montréal Division before becoming President of Vidéotron Itée from 1988 to 1994. Appointed Vice-Chairman of Groupe Vidéotron in 1994, Claude Chagnon also more recently served as interim President of Télé-Métropole from January to August 1996.

Groupe Vidéotron operating structure During the past year, Groupe Vidéotron has also implemented an operating structure based on three main business units. Reporting to Claude Chagnon, these units and their chief executives are:

Canadian Cable television and telecommunications, under the responsibility of Guy Crevier, President and Chief Executive Officer of Vidéotron Itée. This sector also includes the activities of Vidéotron Télécom and SuperClub Vidéotron.

Television broadcasting in Canada under the responsibility of Jean Gariépy, President and Chief Executive Officer of Télé-Métropole. This sector will include the activities of TQS if and when the transfer of operating license is approved by the CRTC.

Private cable and telecommunications in the US, led by Louis Brunel, President and Chief Executive Officer of OpTel, Inc.

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"During the course of the last year we have completed two major projects: the acquisition of CFCF Inc and the sale of our investment in the UK. We are now in a strong strategic and financial position to continue our expansion in Canada and to seize new growth opportunities for our subsidiary in the American market. In that respect, our integrated cable and telephony expertise acquired in the UK will be one of our most important assets." commented Claude Chagnon. "As it was the case for our UK investment, our main objective will be the creation of shareholder value."

Office of the President Claude Chagnon will be supported by an Office of the President. Formed over a year ago, the Office is comprised of the following executives (see organization chart attached).

Christian Chagnon, Senior Vice-President, Strategic Planning and Technology

Alain Michel, Senior Vice-President and Chief Financial Officer

Suzanne Renault, Senior Vice-President, Legal Affairs and Secretary

Guy G. Beaudry, Vice-President, Corporate Affairs

Gilles Dulude, Vice-President, Human Resources

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November 9 1996

Groupe Vidéotron reports higher revenues, income from operations and funds generated by operations in 1996

Groupe Vidéotron reports higher revenues, income from operations and funds generated by operations in 1996 and 16.1% in both income from operations before depreciation and amortization, and funds generated by operations for its 1996 financial year.

"Our financial performance is only part of the 1996 story," said Claude Chagnon, President and Chief Operating Officer. "The most important achievements in the past fiscal year were the strategic and operational moves to position the Company for the future." Among key events in 1996 were the decision to realize the value of the Company's U.K. investment, the acquisition of CFCF Inc. and the accelerated deployment of operations in the United States through OpTel, Inc. "These moves have strengthened our competitive position in Canada and laid the foundation for building an exciting business in the United States," said Mr. Chagnon. "With the sale of the U.K. investment, we are well positioned to establish Groupe Vidéotron as a major provider of information highway services in North America." Revenues for the 12 months ended August 31, 1996 were \$846,930,000 compared to \$740,595,000 in the previous year, an increase of 14.3%. More than half of the increase of \$106,335,000 was attributable to North American activities. Income from operations before depreciation and amortization was \$231,995,000, a 16.1% increase from \$199,778,000 in 1995. Funds generated by operations rose to \$157,768,000 from \$135,870,000 in 1995, up 16.1%. Depreciation and amortization was 16.7% higher for 1996 at \$146,584,000 compared to \$125,577,000 in the previous year, while financial expenses rose to \$107,015,000 from \$69,611,000 in 1995. About two thirds of the increase in financial expenses is attributable to U.K. activities.

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The balance reflects additional investment in private cable in the United States and the acquisition of CFCF Inc. in Canada. The net loss for 1996 was \$33,990,000, or \$0.33 per share, compared to a net income of \$18,861,000, or \$0.11 per share, in the previous year. However, excluding the extraordinary gain of \$64.5 million (\$63.5 million before taxes) mainly due to the dilution of Groupe Vidéotron's ownership interest in Videotron Holdings Plc following its initial public offering, as well as reductions in the value of certain assets of \$22.9 million (\$30.9 million before taxes), the net loss for 1995 would have been \$22,753,000. CANADA Cable television and telecommunications:

During the 1996 year, the number of basic service subscribers increased to 1,197,886 or 2.1% from 1,173,246 at the end of fiscal 1995. Revenues increased by \$27,586,000 to \$425,071,000 reflecting the higher number of subscribers, a rate increase on January 1, 1995 and growth in telecommunications services.

Vidéotron Télécom ltée, the telecommunications subsidiary, recorded strong growth as revenues and operating income increased by 59.5%. Overall income from operations before amortization and depreciation for the sector rose to \$167,271,000 in 1996 from \$158,959,000 in 1995. Television broadcasting: Effective cost control enabled Télé-Métropole, Inc. to achieve a 8.7% increase in income from operations which rose to \$35,199,000 from \$32,375,000 in 1995. Revenues for the 1996 year increased by 2.3% to \$184,082,000 from \$179,890,000 in the previous year. UNITED KINGDOM Cable television and telecommunications: Videotron Holdings Plc reported a 42.2% increase in revenues to \$163,514,000 from \$114,980,000 in fiscal 1995. The number of subscribers was up by 30.6% for cable television services, 42.3% for residential telephony and 49.9% for business telecommunications. Income from operations before amortization and depreciation more than doubled to \$29,835,000 from \$11,096,000 in 1995.

UNITED STATES Private cable: The OpTel, Inc. subsidiary, 84%-owned by Groupe Vidéotron, increased revenues more than fourfold in its first full year of operations. Revenues rose to \$37,664,000 from \$8,752,000 in the previous year as the number of subscribers increased to 114,161. OpTel reported a loss from operations before amortization and depreciation of \$2,798,000 compared to a loss of \$5,139,000 in 1995. Le Groupe Vidéotron ltée is an international telecommunications company. The Company has several subsidiaries in Canada, in cable television, telecommunications, television broadcasting and in multimedia services development. It develops and operates private cable television and telephony in the United States. Its technological know-how and experience acquired with the Vidéoway multimedia system enables it to play a leading role in the development of the information highway.

November 13 1996

Groupe Vidéotron notified that Pacific Telesis abandons US \$170 million deal

Groupe Vidéotron notified that Pacific Telesis abandons US \$170 million deal Pacific Telesis Group purporting to terminate the proposed US \$170 million purchase of Groupe Vidéotron's wireless cable interests (MMDS) in the U.S. Under an agreement of November 9, 1995, Pacific Telesis agreed to purchase all of the stock of Wireless Holdings, Inc. (WHI) and Videotron (Bay Area), Inc. (VBAI) which own wireless cable rights and certain operating wireless cable systems in various West Coast cities and in Tampa, Florida and Greenville, South Carolina. Groupe Vidéotron indirectly owns 50% of WHI and 80% of VBAI and holds indebtedness of the two companies aggregating approximately US \$50 million. Groupe Vidéotron anticipated receiving in excess of US \$110 million as its share of the proceeds of the proposed sale. Groupe Vidéotron stated that the agreement with Pacific Telesis has a provision allowing for the termination by any of the parties after November 9, 1996 if closing has not occurred, providing the terminating party has complied with all of its obligations under the agreement. Groupe Vidéotron also said that the parties are already engaged in an arbitration proceeding in which, among other things, Groupe Vidéotron is contesting Pacific Telesis's right to exercise the termination provision at this time. Le Groupe Vidéotron ltée is an international telecommunications company which is active in cable television, telephone services and interactive multimedia services. Its Company has subsidiaries in Canada, mainly in cable television and television broadcasting.

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December 02 1996

Broadcasting industry

Broadcasting industry Commission (CRTC), Groupe Vidéotron through the voice of Mr. André Chagnon, its Chairman and Chief Executive Officer stressed that its acquisition of CFCF Inc. was part of its long term growth strategy and, given the structural problems facing the private French television industry, was both the best solution for the continued development of this industry and in the best interest of the industry artisans and the francophone television viewers.

In his presentation before the CRTC, Mr. Chagnon reiterated that the acquisition met three essential and strategic company goals and public policy objectives : « strengthen the cable television industry as a whole, as it faces the entry of new players and new distribution technologies ; ensure the viability, the integrity and the revitalization of TVA and TQS, the two private French language television networks...; and increase the synergies between the distribution and programming sectors as a way of stimulating the creation of new value-added products and services to supply the broadcasting system and the information highway with French content.

Claude Chagnon, President and Chief Operating Officer of Groupe Vidéotron explained that « in the evolving communications world, where competition in distribution and programming is growing at a fast pace, Canadian cable distribution companies have fewer and fewer strategic options : either they become integrated players, either they focus on ultra-specialized niches, either they withdraw from the market. Vidéotron has definitely opted for the first of these options, he continued, for we are convinced that companies which do not quickly acquire an important critical mass of subscribers and which do not get involved in creative process of producing value-added content, will not be able to resist to the competitive pressures. »

On the broadcast side, Groupe Vidéotron recalled that its desire to merge TVA et TQS conveys its vision of revitalizing the private French broadcasting sector with respect to the specialized and foreign television services, the Internet and various on-line multimedia services. « This vision is one of integration where everybody stands to win and grow : the TV viewers, the artisans, the advertisers... » commented Jean Gariépy, President and Chief Executive Officer of Télé-Métropole. « Its a plan that aims to renew the ability to compete, while increasing the vitality of the two French private broadcast networks and improving the overall quality and competitiveness of the French language TV product. » Mr. Gariépy reiterated that, given the present circumstances, the integration of TVA and TQS was the best solution both for the broadcast system and for the viewing public. Ultimately, the two revitalized networks would rely on the explosion of content and the enrichment and diversification of their programming to breathe new life into the French TV arena. »

While basing several of its arguments on the underlying principle that the past bodes well for the future, Groupe Vidéotron reminded the CRTC of its past accomplishments, its innovative spirit and its active role in supporting the French broadcasting system. It invited the CRTC to approve the transaction and highlighted a series of commitments undertaken to benefit the viewing public and the French broadcast system.

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December 20 1996

Sale of CFCF-12: Groupe Vidéotron and WIC sign agreement

Sale of CFCF-12: Groupe Vidéotron and WIC sign agreement sell the broadcasting operations of CFCF-12 to a newly-created subsidiary of WIC Western International Communications Ltd. ("WIC"). The purchasing subsidiary will be held 70% by WIC Television Ltd., a wholly-owned subsidiary of WIC, and 30% by Capital Communications CDPQ Inc., a wholly-owned subsidiary of Caisse de dépôt et placement du Québec ("CDPQ").

The sale agreement, which encompasses television station CFCF-12 and the CFCF Inc.'s 14.2% participation in the CTV Television Network Ltd., is subject to various conditions precedent and regulatory approvals. These include approval by the Canadian Radio-television and Telecommunications Commission ("CRTC") of the transfer of the CFCF-12 broadcasting license to Groupe Vidéotron, for which hearings were conducted earlier this month, and subsequently from Groupe Vidéotron to the WIC/CPDQ joint venture.

Under the terms of the agreement, the initial consideration to be paid by the WIC/CPDQ joint venture to Groupe Vidéotron upon closing will be a base price of \$70,000,000 subject to working capital adjustments. This base price will be increased by an amount up to \$30,000,000 depending on CFCF-12's revenues stream over a three year period and if, between the closing date and two years after the closing date, the CRTC has not granted a license for an additional English-language television station serving all or part of the CFCF'12 extended market area of Montréal.

"This transaction is in the best interests of CFCF-12 viewers, employees and the Canadian broadcasting system," said Claude Chagnon, President and Chief Operating Officer of Groupe Vidéotron. "WIC is one of Canada's premier television broadcasters and its association with a Québec institution provides for some continuity in local ownership and strong financial backing by a long-term investor."

WIC President and CEO John Lacey said that the CFCF-12 acquisition was a valuable opportunity to establish a presence in Quebec and expand the group nationwide. "The addition of the Montreal market is an important strategic move for WIC", he added. In his comment, CPDQ President Pierre Collins said that the acquisition has all the elements required for success. "For Capital Communications, which invests in communications and telecommunications ventures, our participation in the CFCF-12 transaction marks an important business opportunity. Our investment will profit from the rare blend of WIC's broadcasting experience and the expertise of CFCF-12's management team which will be positioned to meet the requirements of its viewers for quality products well adapted to its audience."

If approved by the CRTC, the addition of CFCF-12 would mean that WIC Television a wholly owned subsidiary of WIC would own and operate nine stations. WIC Television currently owns BCTV in Vancouver, CHEK in Victoria, CHBC in Kelowna, CICT in Calgary, CITV in Edmonton, CISA in Lethbridge, RDTV in Red Deer and CHCH in Hamilton. The addition of CFCF-12 would also increase WIC's ownership in the CTV network from 14% (held through the ownership of BCTV and CHEK) to approximately 28%. The CFCF-12 broadcasting operations were acquired by Groupe Vidéotron earlier this year through its successful public takeover offer for all of the capital stock of CFCF Inc. The Company made a commitment at that time to sell CFCF-12 as soon as a satisfactory agreement could be negotiated. WIC is a leading Canadian broadcast, communications and entertainment company with its head office in Vancouver, BC. In addition to television, WIC operates in pay television, radio and satellite network services.

Capital Communications CPDQ offers intelligent, dynamic capital to businesses in the communications and telecommunications sectors with plans to expand into promising new markets or to consolidate their present position. Its portfolio includes 28 investments with a value close to \$725 million.

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December 23 1996

Groupe Vidéotron reaches agreement with CFCF debenture

Groupe Vidéotron reaches agreement with CFCF debenture reached with holders of CFCF Convertible Unsecured Subordinated Debentures, at whose request the Quebec Securities Commission suspended the amalgamation of CFCF with a subsidiary of Le Groupe Vidéotron. This amalgamation would have resulted in the privatization of CFCF which was contemplated in the take-over-bid launched last Spring on CFCF.

The agreement provides that these holders will use their best efforts, together with CFCF, to allow, prior to such amalgamation, the redemption of all of the Convertible Unsecured Subordinated Debentures at a price of \$1200 for each \$1000 of debenture, plus interest.

CFCF intends to call as soon as conveniently possible a meeting of the debenture holders to give affect to the agreement as well as a special meeting of its shareholders to authorise its amalgamation with 3242722 Canada Inc. CFCF Inc. is a diversified Canadian communications company active in television broadcasting, cable television and production.

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