



ANNUAL INFORMATION FORM FOR THE FISCAL YEAR 2005

October 31, 2005

5 Place Ville Marie
Suite 915
Montréal (Québec)
H3B 2G2



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GLOSSARY

Digital services: digital video services

DVR: digital video recorder

HD: high-definition

HSI: high-speed Internet services

HSI Lite: high-speed Internet service with download speed of up to 300 Kbps

HSI Pro: high-speed Internet service with download speed of up to 10 Mbps

HSI Regular: high-speed Internet service with download speed of up to 6 Mbps

IP: Internet Protocol

Mbps: megabits per second

RGU (revenue-generating units): includes basic service, HSI service, digital service customers and digital telephony service

SVOD: subscription video-on-demand services

VOD: video-on-demand services

In this Annual Information Form (“AIF”), the terms “Cogeco Cable” and the “Corporation” refer collectively to Cogeco Cable Inc. and, unless the context otherwise requires or indicates, to its subsidiaries.

All dollar figures are in Canadian dollars, unless stated otherwise.

The information provided in this AIF is presented as at the last day of the Corporation most recently completed financial year (i.e. August 31, 2005), except where it is specified in the AIF that the information is presented as at of October 31, 2005 which is also the date used for the purposes of the Management’s Discussion and Analysis included in the annual report of the Corporation for the last fiscal year.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events, our business, our operations, our financial performance, our financial condition or our results and, in some cases, can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding our future operating results and economic performance, our objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities which we believe are reasonable as of the current date. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. Forward looking-information is also subject to certain factors, including risks and uncertainties, that could cause actual results to differ materially from what we currently expect. These factors include technological changes, changes in market and competition, governmental or regulatory developments, general economic conditions, the development of new products and services, the enhancement of existing products and services, the introduction of competing products having technological or other advantages, many of which are beyond our control. Therefore, future events and results may vary significantly from what we currently foresee. For more exhaustive information on these risks and uncertainties you should refer to the “uncertainties and main risks factors” section of our Annual Report for the year ended August 31, 2005 which is available at www.sedar.com. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation (and expressly disclaim any such obligation) and do not undertake to update or alter this information at any particular time.

1 CORPORATE STRUCTURE

1.1 NAME, ADDRESS AND INCORPORATION

Cogeco Cable was incorporated under the *Canada Business Corporations Act* by certificate of incorporation dated March 24, 1992. The Corporation's articles were amended by certificates of amendment on April 13, 1992 and on August 25, 1992. On May 6, 1993, they were further amended to, among other things, delete the private corporation restrictions, change its name from 2807246 Canada Inc. to Cogeco Cable Inc., amend its share capital to create two classes of equity shares and the Class B preference shares, convert the sole issued and outstanding common share owned by its parent COGECO Inc. ("COGECO") into multiple voting shares and revise restrictions on issue and transfer of shares. The registered office and the principal executive office of the Corporation are located at 5 Place Ville Marie, Suite 915, Montréal (Québec) H3B 2G2.

1.2 INTERCORPORATE RELATIONSHIPS

Cogeco Cable is a subsidiary of COGECO, a diversified Canadian communications company with operations in the cable and media sector. Cogeco Cable was organized as a subsidiary of COGECO for the purpose of holding all the cable television assets of the COGECO Group of companies.

As at October 31, 2005, the only subsidiaries of the Corporation which represented more than 10% of the Corporation's consolidated assets or more than 10% of the Corporation's consolidated sales and operating revenues were Cogeco Cable Canada Inc. ("Cogeco Cable Canada") and Cogeco Cable Québec Inc. ("Cogeco Cable Québec"), which are wholly-owned subsidiaries of the Corporation.

Cogeco Cable Canada is a corporation amalgamated under the authority of the *Canada Business Corporations Act* which operates all of the Corporation's systems in Ontario. Cogeco Cable Québec is a corporation amalgamated under the authority of Part 1A of the *Companies Act* (Québec) which operates all the Corporation's systems in Québec.

2 GENERAL DEVELOPMENT OF THE BUSINESS

2.1 OVERVIEW

Cogeco Cable operates cable distribution systems located in the Provinces of Ontario and Québec. Cogeco Cable is the second largest cable system operator in Ontario and Québec and ranks fourth in Canada in terms of the number of basic service customers. As at August 31, 2005, Cogeco Cable provided analog video, digital video, HSI and digital telephony services to about 821,000, 255,000, 278,000 and 1,400 customers, respectively.

2.2 HISTORY

In 1972, COGECO, the controlling shareholder of Cogeco Cable, acquired its first cable television system, *La Belle Vision Inc.*, serving Trois-Rivières, Québec and neighboring communities. Following that initial cable acquisition, COGECO acquired, directly or through subsidiaries, a number of other cable systems in Canada. The greatest number of the communities served by Cogeco Cable can be found today in the populous Windsor to Gaspé corridor.

Cogeco Cable did not acquire any cable systems over the last three financial years. Cogeco Cable remains committed to its basic expansion strategy of organic growth combined with appropriate acquisition opportunities, in or outside of Canada, provided that they bring a significant number of customers at a fair price to increase the Corporation's growth and value.

3 DESCRIPTION OF THE BUSINESS

The cable assets of Cogeco Cable in Québec are managed as a distinct division, referred to herein as “Cable Québec”, from a main office located in the City of Trois-Rivières, Québec. The cable assets of Cogeco Cable in Ontario are managed as a distinct division, referred to herein as “Cable Ontario”, from a main business office located in the City of Burlington (neighbouring Toronto), Ontario. While each operating group manages its systems for the distinctive French-language and English-language markets respectively, certain services which are not of a market-specific nature, notably in the areas of procurement, engineering, information systems, human resources, marketing and accounting, are shared by the two units for greater efficiency.

3.1 CUSTOMERS

The following table presents the number of homes passed, homes connected, RGU, basic service customers and the penetration rate of basic service in Québec and Ontario as at August 31, 2005:

	Homes Passed	Homes Connected ⁽¹⁾	RGU	Basic Service Customers	Penetration Rate of Basic Service %
Cable Ontario	986,401	627,689	976,834	581,631	59.0
Cable Québec	462,332	248,801	378,984	239,802	51.9
Total	1,448,733	876,490	1,355,818	821,433	56.7

⁽¹⁾ HSI customers who do not subscribe to other cable services and basic service customers.

The following table presents the number of customers subscribing to basic service and the penetration rate of basic service, discretionary tiers, pay television services, digital terminals and HSI service and the number of digital telephony customers, from August 31, 2001 to August 31, 2005:

As at August 31	Basic Service Customers	Basic Service Penetration %	Discretionary Service Customers as a % of Basic Service ⁽¹⁾	Pay-TV Service Customers as a % of Basic Service	Digital Terminals as a % of Basic Service ⁽¹⁾⁽²⁾	HSI Service Customers as a % of Basic Service ⁽²⁾	Digital Telephony Customers ⁽³⁾
2001	878,766	64.7	81.3	12.4	13.3	14.7	NA
2002	836,368	60.8	79.1	13.9	18.4	22.5	NA
2003	820,657	58.7	78.2	13.8	22.8	27.6	NA
2004	823,855	57.9	78.2	13.7	29.8	33.4	NA
2005	821,433	56.7	78.8	14.1	37.7	37.7	1,448

⁽¹⁾ Calculated on the basis of the cable systems where the service is offered.

⁽²⁾ The number of HSI customers, and therefore the penetration rate, has been restated to reflect the number of customers based on the billing dates, which are spread throughout the month, instead of the number of customers as at the end of the fiscal year. This change results in a downward adjustment to the penetration rate.

⁽³⁾ The service was launched in June 2005.

Historically, the basic service penetration rate in Québec has been lower than the basic service penetration rate in Ontario. In Québec, Cogeco Cable operates cable systems in areas that are predominantly francophone. In those areas, demand for English programming is low, thereby lessening the demand for cable television while over-the-air signals from French conventional television networks represent approximately 55-60% of Québec's television viewing.

3.2 SERVICES

Cogeco Cable offers a wide range of broadcasting and telecommunication services to its residential and business customers. The offering of broadcasting and telecommunication services is subject to varied and extensive regulatory requirements, mainly under the authority of federal statutes governing broadcasting, telecommunications, radiocommunication and copyright.

3.2.1 Broadcasting services

Cogeco Cable's broadcasting distribution services are offered, on a subscription basis, in analog or digital form.

ANALOG SERVICE

Basic service

Analog customers receive a basic service generally consisting of 37 channels in Ontario and 23 channels in Québec, with some variations from one area to another. The ordering of channels on the basic service must comply with the requirements of the Canadian Radio-television and Telecommunications Commission ("CRTC") and generally includes a mix of conventional Canadian and U.S. broadcast signals and specialty services. The fee for the basic service offered by the Corporation is no longer regulated by the CRTC.

Discretionary service tiers

Analog basic customers can obtain additional programming services by subscribing to one or more discretionary service tiers comprising a mix of Canadian and non-Canadian specialty services. Cable Ontario offers to its customers on most of its systems three discretionary service tiers including an average of 30 specialty services while Cable Québec offers to its customers on the majority of its systems two tiers consisting of 22 to 26 specialty services. Customers must first subscribe to the basic service before they can subscribe to a discretionary service tier. The linkage and distribution of discretionary service tiers remain regulated by the CRTC, but fees for discretionary service tiers are not regulated.

Various service options are also available on an individual or "à la carte" basis, albeit to a more limited extent than with digital service.

DIGITAL SERVICE

Basic digital service

Basic digital customers in Ontario generally receive the same services as basic analog customers. In addition, basic digital customers in Ontario receive the digital quality audio channels of the Max Trax/Galaxie music service including 40 separate digital music channels, an Interactive Program Guide and various additional digital specialty services including Talk TV, Star TV, ROB TV, CLT and three regional Sportsnet channels.

Basic digital customers in Québec generally receive the same services as the basic analog customers except for the U.S. networks ABC, CBS, NBC and Fox. They also receive 40 Max Trax/Galaxie digital audio channels, an Interactive Program Guide and The Weather Network.

Digital discretionary services

Subject to CRTC requirements, digital service customers have a lot more flexibility to design their own programming packages, selecting from a variety of options including single specialized service subscriptions as well as various theme packages such as the Sports Theme Pack or the Family Theme Pack or other combinations including the ability to choose their own Pick Pack of specialty services.

Pay television service

Digital service customers can access a large selection of pay television services such as the four channels of *Super Écran* or five channels of The Movie Network and two Moviepix channels.

Pay-per-view service

Digital service customers can also order movies of their choice on one of up to 16 channels in Ontario and on one of the 12 channels available in Québec offered by the pay-per-view services, Viewers Choice and Canal Indigo.

VOD and SVOD Services

With the VOD service, digital service customers can, by using the remote control of their digital terminal, order a movie or program of their choice from an inventory of approximately 850 titles. The movie or program selected by the customer remains accessible to be viewed for a period of 24 hours. The VOD service provides all the functions of a videocassette recorder or a DVD player, with possibility of pause, stop, rewind and fast-forward capabilities. There are no monthly fees, customers are only charged for the movies they watch. Prices vary from \$0.99 for children's content, to \$5.49 for new releases and \$9.49 for adult movies. In addition, Cogeco Cable provides a selection of Free On Demand content as part of the service.

The SVOD services allow customers to access a wide variety of on demand content when it is convenient for them on a monthly subscription basis. The SVOD services offered by the Corporation are The Movie Network OnDemand and *Super Écran sur demande*. These SVOD services are included free with the subscription to the associated pay television services. The Corporation is in discussions with a number of distributors with the intention of expanding its SVOD offering.

High definition television services ("HDTV")

Cogeco Cable offers HDTV services in most of its major markets with up to 19 HD channels. Digital customers who purchase or rent a HD DVR receive a free HD basic service that includes the HD signals of Canadian broadcasters. Additional HD services from US networks and Canadian specialty services are available as a Theme Pack in Ontario for an additional monthly fee of \$6.99.

3.2.2 Telecommunication services

HSI SERVICE

Cogeco Cable offers to its residential customers various HSI services with different transfer speeds and service attributes:

- The HSI Regular operates at up to 6 Mbps (in Québec) and 5 Mbps (in Ontario) downstream and up to 640 Kbps upstream;
- The HSI Pro operates at greater downstream speeds of up to 10 Mbps and upstream speeds of up to 1 Mbps;
- The HSI Lite operates at up to 300 Kbps downstream and up to 150 Kbps upstream.

Cogeco Cable HSI comes with a comprehensive security package including firewall, anti-virus, anti-spam, parental control and Internet dial up control; all free for HSI Regular and Pro customers and only \$2 per month for HSI Lite subscribers. Two new features will be added to this security suite by the Fall of 2005: anti-spyware and pop-up blocker.

Cogeco Cable also offers in Québec and Ontario various types of HSI access for commercial customers that are customized to fit the size of the business.

THIRD-PARTY INTERNET ACCESS SERVICE

As required by the CRTC, Cogeco Cable provides Internet service providers ("ISP") access to its facilities in order for ISPs to provide their own HSI service. The CRTC approved in 2000 a monthly per end-user access rate of \$21.50 for Cogeco Cable's third-party Internet access service ("TPIA service") and established in 2004, on an interim basis, TPIA interconnection and service charge rates. A few ISPs have subscribed to Cogeco Cable TPIA Service.

DIGITAL PHONE SERVICE

Cogeco Cable digital phone service is a digital telephony service which uses Voice over IP to transform analog voice signals into digital signals while using the same Cogeco Cable private digital network which brings TV and HSI into the home. Consumers are able to keep their existing phone number and their existing phones in their current locations.

The Corporation launched its digital phone service in Burlington, Oakville and Trois-Rivières in June 2005 and expanded the service in Windsor, Drummondville and St-Hyacinthe during the last quarter of fiscal year 2005. Cogeco Cable digital phone service is available to Cogeco Cable residential customers as well as to non Cogeco Cable customers.

This digital telephony offering includes unlimited calling in Canada and the continental US (excluding Hawaii and Alaska) and five key calling features: voice mail, call display, call waiting, visual call waiting and call forwarding at no extra charge. In fiscal year 2006, the Corporation intends to launch its digital phone service to most of its major territories.

3.3 CABLE NETWORKS

The Corporation provides its broadcasting and telecommunication services through state-of-the-art broadband distribution networks. It is Cogeco Cable's general policy to fully own its distribution networks as well as its amplifiers and drops. Digital and VOD services are available to 98% and 87% of households, respectively, and 89% of households passed are served by a two-way cable plant. Cogeco Cable's fiber optic network extends to over 8,100 kilometres and includes 79,200 kilometres of optical fiber. Cogeco Cable has deployed optical fiber to nodes serving clusters of typically 1,500 households, with many fibers per node in most cases, which allows the Corporation to further extend the fiber plant to smaller clusters of 500 homes rapidly with relative ease. Node splitting leads to further improvement in the quality and reliability of services and allows for increasing traffic of two-way services such as HSI and VOD. Cogeco Cable has implemented an infrastructure with 550 MHz or 750 MHz capacity, depending on the cable system. An infrastructure with 550 MHz capacity allows for the transmission of up to 80 analog channels, while an infrastructure of 750 MHz allows for the transmission of up to 110 analog channels. Each analog channel (representing 6 MHz of bandwidth), with the current compression, multiplexing and modulation technologies used by the Corporation, allows for the transmission of up to 13 standard definition digital television signals, or of up to 3 HD digital television signals.

3.4 LICENCES AND CONTRACTS

The Corporation's business is substantially dependent on some important licences and contracts. In order to provide distribution services, broadcasting distribution undertakings must hold broadcasting licences issued by the CRTC under the authority of the *Broadcasting Act* (Canada) as well as broadcasting certificates pursuant to the *Radiocommunication Act* (Canada). Broadcasting licences are issued for a maximum term of seven years and are generally renewed upon application by the licensee, except in case of serious breach. The CRTC has never revoked or failed to renew a licence for an active cable system owned by Cogeco Cable.

The distribution of certain programming services such as specialty programming, pay television, VOD and SVOD services, requires the execution of various agreements, including affiliation agreements which are for the most part negotiated with a small number of large integrated broadcasting groups and major studios.

The construction and operation of cable systems requires also the execution of contracts with municipalities and public utilities in order to obtain cost-effective and timely access to municipal rights-of-way and existing public utility support structures. The use by cable companies of support structures owned by telecommunications carriers, such as Bell Canada, is subject to CRTC approved tariffs. The CRTC also has jurisdiction under the authority of the *Telecommunications Act* (Canada) to set terms for access to municipal street allowances and property for cable and other telecommunications carrier facilities in case of a dispute between the parties. The Supreme Court of Canada ruled that the CRTC cannot set terms for the use of support structures owned by electric power utilities under the authority of the *Telecommunications Act* (Canada). The Canadian Cable Telecommunications Association ("CCTA") applied on behalf of its members (including Cogeco Cable Inc.) to the Ontario Energy Board ("OEB") to have a pole rate set for access to electric distribution utilities that the OEB regulates in Ontario. The OEB decision, released last March 7, 2005 determined that all cable companies operating in Ontario shall have access to the poles of the electricity distributors at a rate of \$22.35 per pole per year.

The recent launch of the Corporation's digital phone service required the execution of agreements with strategic providers, in order to secure the delivery as well as the quality of this new service. To that end, the Corporation entered into two major agreements with suppliers providing respectively interconnectivity to the public switched telephone network and network technology equipment.

3.5 RENEWAL OF CONTRACTS

The contracts with the two largest electric power utility suppliers of support structures for the Corporation's cable plant, Hydro One in Ontario and Hydro-Québec in Québec, are due to expire on December 31, 2005. The negotiations with Hydro One and Hydro-Québec, undertaken jointly with the CCTA, are well under way, and it is reasonably expected that new agreements should be finalized by the end of 2005.

Several affiliation agreements with programming service suppliers are currently under negotiation. In case of a dispute between the parties, the CRTC can, in the case of Canadian programming services, set distribution terms, including wholesale fees payable to the programming service supplier. The negotiation of VOD license agreements has turned out to be an incremental process involving the gradual addition of licensing arrangements with individual major Hollywood studios.

3.6 EMPLOYEES

As at August 31, 2005, the number of full-time equivalent employees of the Corporation and its subsidiaries was 1,411 including 336 full-time equivalent employees of Cable Québec who were subject to collective agreements, being approximately 24% of the Corporation's aggregate workforce. The employees of Cable Québec are grouped in three units for collective bargaining, namely: (i) technical, design, network control centre and community programming; (ii) customer service (cable and multimedia), accounting and payroll; and (iii) all employees at the Alma and Roberval systems. On June 29, 2005, Cogeco Cable signed new collective agreements with the employees of the first two units in Québec. These two collective agreements will expire on December 31, 2008. Negotiations for the purpose of renewing the collective agreement with the employees of the third unit in Québec, expired since May 31, 2003, are currently in progress. There are no collective agreements in Cable Ontario.

3.7 COMPETITIVE CONDITIONS

The broadband telecommunications environment in Ontario and Québec is highly competitive, with the exception of local telephone service, which has been opened up to competition but is still dominated to a very large extent by the incumbent telephone companies. The broadband telecommunications market is characterized by the existence of numerous competing land-based and satellite services operated by well established telecommunications providers that have substantial resources with which to support their activities. In addition, it is becoming increasingly common in the market to see bundled service offers designed to meet all of a household's communications, information and entertainment needs at a package rate for the entire bundle.

In Canada, competition between cable television networks within a given serving area has been permitted for over ten years, but the installation of competing broadband wireline networks to people's homes is still largely limited to the established cable and telephone companies. However, competition in the provision of broadband telecommunications services, bundled or otherwise, occurs not only between competitors who are equipped with their own telecommunications facilities but also with competitors who possess few or no facilities and who use the existing facilities of companies that do have them, subject to access conditions dictated by applicable regulations.

As far as competition between land-based and satellite systems is concerned, the Corporation faces strong competition in its serving areas from two national satellite distribution undertakings, Star Choice and Bell ExpressVu (the latter is owned by BCE Inc., the largest integrated telecommunications company in Canada). Another BCE company, Telesat, has just successfully launched the Anik F1 direct-to-home satellite, whose capacity will be used primarily to increase the number of channels for Canadian direct-to-home satellite distribution services. The Corporation also faces illicit competition from the unauthorized reception of direct-to-home satellite signals. Although satellite signal theft has become more difficult as a result of actions taken by the main companies concerned, the applicable laws and the penalties that are actually imposed for signal theft are still inadequate.

As far as telephone services are concerned, the Corporation decided to launch a new digital telephony service in the last fiscal year. The CRTC has ruled that there are grounds for applying the same regulatory framework to the incumbent telephone companies' VoIP services until competition develops in the market. This ruling is being challenged on two fronts: in the federal cabinet and in the Federal Court of Appeal. Incidentally, the CRTC has initiated a proceeding to consider whether it should forbear from regulating telephone services that are still subject to rate control. The CRTC's decision on the criteria, conditions and timetable for forbearance on these services will not become known until later in the 2006 fiscal year.

Combined offers of services delivered to the home and mobile services are becoming increasingly common across the entire broadband telecommunications market. Some mobile telephone services already carry audio and video content in addition to Internet, electronic messaging and telephone communications. Adding mobility to the services provided by the Corporation constitutes an important challenge in the medium term. The Corporation is also evaluating a number of solutions that might enable it to combine fixed and mobile telecommunications in one service offering, but it has yet to make a decision on the matter.

The Corporation has learned to deal with this multi-faceted competition by taking advantage of growth in demand for digital video services, HSI access and digital telephony with attractive offers that bundle these advanced services together. Management believes that the demand for these new services will continue to provide the Corporation with worthwhile growth opportunities over the medium term, until the maturity point is reached.

So far, the size of the investments required to acquire customers for these services is leading the competitors who provide them to seek reasonable margins on retail prices. Although retail prices have remained relatively firm over the past fiscal year, it is still possible that the Corporation may find itself facing attacks in the form of retail price cuts on the part of some competitors, which would put downward pressure on margins for the services targeted by those competitors. Therefore, the Corporation continually strives to improve its cost structure in order to preserve sufficient leeway to deal with such an event.

3.8 TRADEMARKS

The Corporation has registered or applied for registration of the trademarks for use in its business which the Corporation regards as having significant value or as being important factors in the marketing of its services.

3.9 CYCLES

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations. However, the loss in basic service customers is usually greater, and the addition of HSI customers is generally lower in the third quarter, mainly because students leave their campus at the end of the school year. Cogeco Cable offers its services in several university and college towns such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski. Furthermore, the fourth quarter's operating margin is usually higher as lower management fees are paid to COGECO. Under the management agreement outlined in Item 9 of this AIF, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. Since the maximum amount has been reached early in the fourth quarter of fiscal 2004 and late in the third quarter of fiscal 2005, Cogeco Cable has thus paid less or no management fees during these fourth quarters.

3.10 REORGANIZATIONS

On September 1, 2003, the Corporation completed two corporate reorganizations in order to consolidate its cable operations in Ontario and in Québec. Those reorganizations involved the amalgamation of some subsidiaries of the Corporation. In Ontario, the subsidiaries Cogeco Cable Brockville Inc., Cogeco Cable Canada and Cogeco Cable Lindsay Inc. amalgamated together into a new company, which continued to be named Cogeco Cable Canada Inc. In Québec, the subsidiaries Cogeco Câble Trois-Rivières inc., Cogeco Câble Mauricie inc. and Cogeco Câble Nicolet inc. amalgamated together into a new company named Cogeco Câble Mauricie (2003) inc.

On September 1, 2004, the Corporation further consolidated the Québec operations by amalgamating all subsidiaries of the Corporation in Québec (namely Cogeco Câble Beauce inc., Cogeco Câble Estrie inc., Cogeco Câble Gaspésie inc., Cogeco Câble Lac Saint-Jean inc., Cogeco Câble Laurentides inc., Cogeco Câble Mauricie (2003) inc., Cogeco Câble Montérégie inc. and Cogeco Câble Rimouski inc.) into a new company named Cogeco Cable Québec Inc.

On September 1, 2005, the Corporation further consolidated the Ontario operations by amalgamating Cogeco Cable Canada Inc. and Cogeco Cable Halton Inc. into a new company which continued to be named Cogeco Cable Canada Inc.

3.11 RISK FACTORS

The business conducted by the Corporation involves numerous risks and uncertainties. The main risk factors and uncertainties facing the Corporation are disclosed in the "Uncertainties and Main Risk Factors" section on pages 17 to 20 of the Corporation's Annual Report for the year ended August 31, 2005 which is incorporated herein by reference, as supplemented in the "Risk Factors and Uncertainties" section of the Corporation's quarterly reports to shareholders. These risks and uncertainties should be considered in conjunction with the other information included in this AIF.

4 DIVIDENDS

Cogeco Cable declared a quarterly dividend during the first quarter of fiscal 2005 for the first time since fiscal 2001 as a result of a significant improvement in its financial results leading to strong free cash flow. A quarterly dividend of \$0.02 per share was declared for the first three quarters of fiscal 2005 for subordinate and multiple shares and a dividend of \$0.04 per share was declared for the fourth quarter due to the substantial improvement in the Corporation's results.

The Corporation expects to maintain the payment of a quarterly dividend of \$0.04 per share during the current fiscal year. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, in its sole discretion, deems relevant.

5 CAPITAL STRUCTURE

The authorized share capital of the Corporation consists of an unlimited number of subordinate voting shares (the "Subordinate Shares"), multiple voting shares (the "Multiple Shares"), Class A preference shares (the "Class A shares") and Class B preference shares (the "Class B shares"). As at October 31, 2005, 15,691,100 Multiple Shares and 24,293,486 Subordinate Shares were issued and outstanding. No Class A shares or Class B shares is presently issued and outstanding. The following is a summary of the material characteristics attached to the authorized classes of shares of the capital stock of the Corporation:

5.1 GENERAL DESCRIPTION OF CAPITAL STRUCTURE

5.1.1 Subordinate Shares and Multiple Shares

Except for voting rights, Subordinate Shares and Multiple Shares carry and are subject to the same rights, privileges, restrictions and conditions.

VOTING RIGHTS

The Subordinate Shares are entitled to one vote per share and the Multiple Shares are entitled to ten votes per share.

DIVIDENDS

Subject to the prior rights of the holders of the Class A shares, Class B shares and any other class of shares of the Corporation ranking senior to the Subordinate Shares and Multiple Shares, the holders of Subordinate Shares and Multiple Shares shall be entitled, on a share-for-share basis, to any dividend which, in the discretion of the Board of Directors, may be declared, paid or set aside for payment during any fiscal year with respect to such shares, without preference or distinction between the Subordinate Shares and the Multiple Shares.

DISSOLUTION

The holders of Subordinate Shares and Multiple Shares shall be entitled to share equally in any distribution of the assets of Cogeco Cable upon its liquidation, dissolution or winding-up or other distribution of its assets. Such participation is subject to the rights, privileges, restrictions and conditions attached to any issued and outstanding Class A shares and Class B shares.

CONVERSION RIGHTS

Each Multiple Share is convertible at any time at the holder's option into one fully paid and non-assessable Subordinate Share.

RIGHTS IN THE EVENT OF A TAKE-OVER

While, under applicable law, an offer to purchase Multiple Shares would not necessarily result in an offer to purchase Subordinate Shares, the principal shareholder of the Corporation, COGECO, has entered into a trust agreement for the benefit of the holders of Subordinate Shares under which COGECO has agreed, among other things, not to sell its Multiple Shares, except in certain circumstances, unless an offer on at least equivalent terms is made to the holders of Subordinate Shares.

5.1.2 Class A shares**VOTING RIGHTS**

The Class A shares are not entitled to any voting rights, unless the meeting is called to consider any matter in respect of which the holders of the Class A shares would be entitled to vote separately as a class.

DIVIDENDS

The holders of Class A shares are entitled to receive, in priority to the Class B shares, the Subordinate Shares and the Multiple Shares, a cumulative cash dividend at the rate of 11 per cent of the Redemption Amount (as defined in the Articles of the Corporation) per share, per annum payable annually on a date to be determined by the Board of Directors.

DISSOLUTION

The holders of the Class A shares shall be entitled to receive from the assets of the Corporation a sum equivalent to the aggregate Redemption Amount (as defined in the Articles of the Corporation) of all the Class A shares held by them respectively before any amount shall be paid or any assets of the Corporation distributed to the holders of the Class B shares, the Subordinate Shares and the Multiple Shares.

5.1.3 Class B shares**SERIES**

Class B shares may be issued from time to time in one or more series. The Board of Directors of the Corporation shall be entitled, by resolution, but subject to the provisions of the *Canada Business Corporations Act*, the provisions in the Articles and the provisions attaching to any series of Class B shares outstanding, to determine, from time to time, prior to issue, the number of shares of each series of Class B shares and the consideration per share, as well as their designation and the rights, privileges, conditions and restrictions attaching thereto.

VOTING RIGHTS

The Class B shares are not entitled to any voting rights, unless the meeting is called to consider any matter in respect of which the holders of the Class B shares would be entitled to vote separately as a class or series.

DIVIDENDS

The holders of Class B shares are entitled to receive, after the holders of Class A shares but before the holders of Subordinate Shares and Multiple Shares, a dividend, which dividend may or may not be cumulative and payable in cash or by way of stock dividends or in any other manner not prohibited by the *Canada Business Corporations Act*.

DISSOLUTION

Subject however to the prior rights of the holders of the Class A shares, the holders of the Class B shares shall be entitled to receive, to the extent provided with respect to each series, (i) an amount equal to the price at which the said shares were issued, (ii) the premium, if any, provided for with respect to the shares of such series, and (iii) in the case of cumulative Class B shares, all unpaid cumulative dividends, and, in the case of non-cumulative Class B shares, all non-cumulative dividends declared but unpaid, before any amount shall be paid or any assets of the Corporation distributed to the holders of the Subordinate Shares and the Multiple Shares.

5.2 CONSTRAINTS ON ISSUE AND TRANSFER OF SHARES

The issue and transfer of Subordinate Shares and Multiple Shares of the Corporation are constrained by its Articles in accordance with section 174 of the *Canada Business Corporations Act*, in order to ensure that the Corporation and its subsidiaries comply with the directions or the conditions of the Corporation's licences granted by the CRTC. The Corporation is subject to Canadian ownership and control requirements that limit the extent to which equity can be issued or transferred to non-Canadian residents and that preclude control by non-Canadian residents.

In summary, each subscriber or transferee of any shares of the Corporation is required to supply a declaration stating certain facts with respect to citizenship and ownership and control over the shares. No share may be issued or transferred if this would prevent the Corporation or its subsidiaries from holding licences or approvals for commercial activity and, in particular, cable television, or if the issue or transfer would be in contravention of the *Broadcasting Act* (Canada) or any instruction issued by the Governor-in-Council by virtue of such Act or any licence or authorization of the Corporation. In the event of any contravention of the foregoing, the holder of the shares may not exercise the voting rights attached thereto so long as the contravention subsists.

5.3 CREDIT RATINGS

On August 2, 2005, Standard & Poor's Ratings Services ("S&P") have affirmed their BBB- rating on the Senior Secured Debentures and Notes and their BB+ rating on the Second Secured Debentures. Obligations rated in the "BBB" category are in the fourth highest category and exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to meet the financial commitment on the obligations. Obligations rated in the "BB" category are in the fifth highest category and are regarded as having speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. The ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P, the ratings reflect the Corporation's aggressive, but improving financial risk profile, given the Corporation's somewhat high debt leverage, and its satisfactory business position as Canada's fourth largest cable company. S&P expects Cogeco Cable to maintain a stable financial profile in the near term, supported by expectations for modest operating income before amortization and cash flow growth, and possibly further marginal reductions in debt. S&P has assigned a recovery rating of '1' to Cogeco Cable's credit facility and other senior secured first-priority debt. The '1' recovery rating indicates expectations of full recovery (100%) of principal in the event of payment default.

On February 22, 2005, Dominion Bond Rating Service ("DBRS") changed the trends from Stable to Positive on their BB (High) rating on the Senior Secured Debentures and Notes and their BB rating on the Second Secured Debentures. Obligations rated in the "BB" category are in the fifth highest category and are regarded as speculative and non investment-grade, where the degree of protection afforded interest and principal is uncertain, particularly during periods of economic recession. The absence of either a "high" or "low" designation indicates that the rating is in the "middle" of the category. According to DBRS, the credit profile of Cogeco Cable continues to improve based largely on its ability to grow HSI customers in a competitive environment and generate sufficient internal cash flow to reduce debt levels. However, according to DBRS, the Corporation's credit profile remains below investment grade for the following reasons: margins are below peer group averages; Cogeco Cable continues to lose market share to satellite competition and funding requirements for digital telephony could limit the degree of free cash flow.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

The table below shows Cogeco Cable's credit ratings:

As at October 31, 2005	DBRS ⁽¹⁾	S&P ⁽²⁾
Senior Secured Notes, Series A and B	BB (High)	BBB-
Senior Secured Debentures, Series 1	BB (High)	BBB-
Second Secured Debentures, Series A	BB	BB+

⁽¹⁾ Positive outlook

⁽²⁾ Stable outlook

6 MARKET FOR SECURITIES

The Subordinate Shares of Cogeco Cable are listed on The Toronto Stock Exchange under the symbol CCA.SV.

The table below shows the price ranges and trading volume of the Subordinate Shares for each month of the last fiscal year:

Price Ranges and Trading Volume of the Subordinate Shares

Month	High \$	Low \$	Volume #
September 2004	18.75	16.75	96,075
October 2004	22.51	21.30	811,065
November 2004	23.86	22.25	704,119
December 2004	25.75	23.35	550,321
January 2005	25.75	24.25	1,135,701
February 2005	26.00	24.50	878,935
March 2005	26.61	24.80	385,583
April 2005	26.98	25.00	631,850
May 2005	26.75	25.50	238,479
June 2005	28.99	25.50	682,081
July 2005	31.70	26.60	1,408,356
August 2005	33.19	30.62	739,592

7 DIRECTORS AND EXECUTIVE OFFICERS

7.1 DIRECTORS

The table below lists Cogeco Cable's directors, their municipality of residence and their current principal occupation on October 31, 2005. Each director is elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed:

Name and Municipality of Residence	Director Since	Current Principal Occupation
Henri Audet, Eng., C.M., B.A., B.A.Sc., M.Sc., D.Sc. Montréal (Québec)	1992	Chairman Emeritus of the Corporation
Louis Audet, Eng., M.B.A. Westmount (Québec)	1992	President and Chief Executive Officer of the Corporation and of COGECO
Jacqueline L. Boutet, C.M. Montréal (Québec)	1993	President, Jacqueline L. Boutet Inc. (Real Estate Company)
William Press Cooper, B.Sc., P.Eng., F.C.S.C.E. ⁽¹⁾ Oakville (Ontario)	2003	President and Chief Executive Officer, Cooper Construction Limited (Real Estate Development and Construction Company)
Claude A. Garcia, B.A., B.Com. Montréal (Québec)	2004	Corporate Director
Germaine Gibara Montréal (Québec)	2003	President, Avvio Management Inc. (Management Consulting Firm)
Harry A. King, B.A., C.A. Vancouver (British Columbia)	1993	President, Harking Investments Ltd. (Holding Company)
Henri P. Labelle, B.Arch., M.B.A. Montréal (Québec)	1993	Architect and Certified Arbitrator
David McAusland, B.C.L., LL.B. Beaconsfield (Québec)	1999	Executive Vice President, Corporate Development and Chief Legal Officer, Alcan Inc. (Aluminium and packaging manufacturer)
Jan Peeters Montréal (Québec)	1998	Board Chair of the Corporation and of COGECO, President and Chief Executive Officer and Board Chair, Olameter Inc. (Telemetry)
Pierre Robitaille, F.C.A., M.B.A. Saint-Lambert (Québec)	2002	Corporate Director and Business Advisor

⁽¹⁾ Mr. Cooper is a former director of Laidlaw Inc. which filed for protection under the *Companies Creditors Arrangement Act* ("CCAA") and Chapter 11, in June 2001, and emerged from such proceedings in 2003. He is a director of Stelco Inc. which filed for protection under the CCAA on January 29, 2004.

Past occupation

Cogeco Cable's directors have held the position listed in the table above or other executive functions with the same corporation during the past five years or more, except for Mr. Claude A. Garcia who was, until December 31, 2004, President, Canadian Operations of The Standard Life Assurance Company.

Committees of the Board

The table below lists the committees of the Board of Directors of the Corporation and their members:

Executive Committee	Audit Committee	Human Resources Committee	Corporate Governance Committee
Henri Audet ⁽¹⁾	William Press Cooper	Claude A. Garcia ⁽¹⁾	Jacqueline L. Boutet
Louis Audet	Harry A. King ⁽¹⁾	Germaine Gibara	Claude A. Garcia
Jan Peeters	Germaine Gibara	Jan Peeters	David McAusland ⁽¹⁾
	Pierre Robitaille	Pierre Robitaille	Jan Peeters

⁽¹⁾ Committee Chair

7.2 EXECUTIVE OFFICERS

The table below lists Cogeco Cable's executive officers, their municipality of residence and the office that they held at Cogeco Cable on October 31, 2005:

Name	Municipality of Residence	Position Occupied
Louis Audet	Westmount (Québec)	President and Chief Executive Officer
J. François Audet	Laval (Québec)	Vice President, Telecommunications
Denis Bélanger	Montréal (Québec)	Vice President, Engineering and Development
Pierre Gagné	Beaconsfield (Québec)	Vice President, Finance and Chief Financial Officer
Gaston Germain	Campbellville (Ontario)	Vice President, Ontario
Jules Grenier	Saint-Lambert (Québec)	Vice President, Québec
Hélène Laurin	Montréal (Québec)	Vice President, Administration and Control
Yves Mayrand	Montréal (Québec)	Vice President, Corporate Affairs
Ron A. Perrotta	Westmount (Québec)	Vice President, Marketing
Louise St-Pierre	Beaconsfield (Québec)	Vice President and Chief Information Officer

Past occupation

All the executive officers of Cogeco Cable have held their present position or other executive positions with the Corporation during the past five years or more, except as follows:

- Gaston Germain has been, since June 1, 2002, Vice President, Ontario. Previously, Mr. Germain was a self-employed contract management consultant acting principally in the telecommunications/media sectors.
- Jules Grenier has been, since June 4, 2001, Vice President, Québec. Previously, he was Vice President and General Manager at Cantrex Group from July 2000 to June 2001 and Senior Vice President of Proviso Inc. from January to July 2000. Prior to that date, he was Regional Vice President of Toy's R Us from 1992 to 2000.
- Ron A. Perrotta has been, since March 11, 2002, Vice President, Marketing of the Corporation. Previously, he was Vice President and Brand Director at BCP Advertising from 2000 to 2002, Vice President and General Manager of the Consumer Health Care Division of Pfizer Canada (pharmaceuticals) from 1999 to 2000.

As at October 31, 2005, certain of the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, controlled or directed 100% of the multiple voting shares of COGECO which, in turn, owned all of the Multiple Shares of the Corporation, representing 86.6% of all the voting rights attached to all shares of the Corporation.

As at October 31, 2005, the directors and executive officers of the Corporation named above, as a group, beneficially owned, directly or indirectly, controlled or directed, 58,083 Subordinate Shares of the Corporation, representing 0.24% of the outstanding shares of such class.

8 LEGAL PROCEEDINGS

The Corporation is involved in various claims and litigation as a regular part of its business. Management believes that the resolution of these claims and litigation (which in certain cases are, subject to applicable deductibles, covered by insurance) will not have a material adverse effect on its financial position or results of operations.

9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Cogeco Cable is a subsidiary of COGECO which holds 39.2% of the Corporation's equity shares. On September 1, 1992, Cogeco Cable executed a management agreement with COGECO under which the parent company agreed to provide certain executive, administrative, financial and strategic planning, legal, regulatory and various additional services to the Corporation and its subsidiaries (the "Management Agreement"). These services are provided by COGECO's officers, including the President and Chief Executive Officer, the Vice President, Finance and Chief Financial Officer and the Vice President, Corporate Affairs. No direct remuneration is payable to such officers by the Corporation. The Corporation granted 38,397 stock options to its officers who are also officers of COGECO, during the 2005 fiscal year, compared to 48,037 in the 2004 fiscal year.

Under the Management Agreement, the Corporation pays monthly fees equal to 2% of its total revenue to COGECO for the above mentioned services. In 1997, the management fee was capped at \$7,000,000 per year, subject to annual upward adjustment based on increases in the Consumer Price Index in Canada. Accordingly, for the year ended August 31, 2005, the maximum amount of \$8,179,000 was paid to COGECO, compared to \$8,026,000 million in 2004, which represented about 1.5% of the Corporation's total revenue. The Audit Committee of the Corporation can increase the cap under certain circumstances upon request to that effect by COGECO. In addition, the Corporation reimburses COGECO's out-of-pocket expenses incurred in respect of services provided to the Corporation under the Management Agreement.

In fiscal 2006, the management fee will be increased, pursuant to the Management Agreement, by 2.6% which is equal to the increase in the Consumer Price Index in Canada.

10 TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is National Bank Trust at its principal office in Montréal and the co-transfer agent is Natcan Trust Company in Toronto.

11 AUDIT COMMITTEE DISCLOSURE

11.1 CHARTER

Purpose

Financial reporting and disclosure by Cogeco Cable represents a major aspect of the management of the Corporation's business and affairs. The purpose of the Board of Directors' oversight of the Corporation's financial reporting and disclosure is to gain reasonable assurance that the following objectives are being met:

- a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- b) that the accounting policies and practices, significant judgments and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;
- c) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with Canadian generally accepted accounting principles ("GAAP");
- d) that there is an effective system of internal controls; and
- e) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

To assist the Board of Directors in its monitoring of the Corporation's financial reporting and disclosure, the Board of Directors has established, and hereby continues the existence of, a committee of the Board of Directors known as the Audit Committee for the purpose of overseeing the accounting and financial reporting processes and audits of the financial statements of the Corporation.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate, and in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management, the External Auditors and other specialists retained by the Corporation.

Composition and Qualification

The Audit Committee is appointed annually by the Board of Directors and consists of a minimum of three directors from among the directors of the Corporation. Every Audit Committee member must be independent, as defined in Multilateral Instrument 52-110 ("MI 52-110") and subject to the independence exemptions provided for therein.

The members of the Audit Committee are appointed at the first meeting after the annual meeting of the shareholders, or at any other meeting if a vacancy arises. The Board of Directors appoints one of the members of the Audit Committee each year as its Chair.

Subject to the exemptions provided for in MI 52-110, all members of the Audit Committee should be "financially literate" and, as such, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breath and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be entitled to rely in good faith upon:

- a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the External Auditors to present fairly the financial position of the Corporation in accordance with GAAP; and
- b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board of Directors members are subject. The essence of the Audit Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met, so as to report accordingly to the Board of Directors.

Operating Principles and Guidelines

The Audit Committee fulfills its responsibilities within the context of the following principles and guidelines:

- a) The Committee Chair and the other Audit Committee members have direct, open and frank communications throughout the year with management, other committee chairs and Board members, the External Auditors, the Internal Auditor and other key committee advisors as applicable.
- b) The Committee, in consultation with management and the External Auditors, develop annually an Audit Committee Work Plan responsive to the Audit Committee's responsibilities as set out in this Charter.
- c) The Audit Committee, in consultation with management and the External Auditors, participates in a process for review of important financial topics and emerging standards that have the potential to impact the Corporation's financial presentation and disclosure.
- d) The Audit Committee meeting agendas are the responsibility of the Committee Chair in consultation with Committee members, senior management and the External Auditors.
- e) The Committee communicates its expectations to management and the External Auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials and notes assembled in a binder will be received from management and the External Auditors one week in advance of meeting dates for all the topics on the agenda.
- f) The External Auditor's ultimate responsibility is to the Board of Directors and the Audit Committee, as representatives of the shareholders. The External Auditors must report directly to the Audit Committee.
- g) The Committee may, in addition to the External Auditors, at the expense of the Corporation and after consultation with management, engage independent counsel or other advisors, which the Committee determines, are necessary to carry out its duties.
- h) At each meeting of the Committee, the Committee members meet in private sessions among themselves only; with the External Auditors only; and with management only.
- i) The Committee, through its Chair, reports after each Committee meeting to the Board of Directors at its next regular meeting or earlier if required.
- j) The Audit Committee meets at least four times per year on a quarterly basis and holds special meetings as circumstances require. The timing of the meetings, and calling of and procedure at meetings, are determined by the Committee, provided that:
 - at all Audit Committee meetings a majority of the members shall constitute a quorum; and
 - the acts of the Audit Committee at a duly constituted meeting require no more than the vote of a majority of the members present and that, in any circumstances, a resolution or other instrument in writing signed by all members of the Audit Committee shall avail as the act of the Audit Committee.

The Vice President, Finance and Chief Financial Officer of the Corporation, the Internal Auditor of the Corporation and the External Auditors usually attend all Audit Committee meetings.

The minutes of meetings of the Audit Committee are approved by the Committee and delivered to the Board of Directors for its information.

The Secretary or Assistant Secretary of the Corporation acts as the secretary of the Audit Committee.

Responsibilities and Duties

The Committee is responsible for the following:

FINANCIAL REPORTING

- Review, before they are released, the annual financial statements included in the annual report to shareholders and the External Auditors' report thereon and recommend their approval to the Board of Directors.
- Review, before they are released, the interim and year end financial statements, the Management's Discussion and Analysis and related news releases and recommend their approval to the Board of Directors.
- Review, before they are released, public disclosure documents, such as a prospectus or annual information form, containing consolidated financial statements of the Corporation, and recommend their approval to the Board of Directors.
- Review, before they are released, a Summary Statement containing the highlights of interim or yearly financial information and earnings guidance provided to financial markets and financial institutions.
- Review the reports of the Disclosure Committee of the Corporation.
- Discuss with management and the External Auditors the acceptability and the appropriateness of the Corporation's accounting policies.
- Discuss with management any significant variances between comparative reporting periods and across comparable business units.
- Review the annual financial statements of the Corporation's pension plans and, when required, actuarial valuations of such plans.

ACCOUNTING POLICIES

- Proactively discuss and review the impact of proposed changes in accounting standards or securities policies or regulations dealing with accounting policies and disclosure.
- Review, with management and the External Auditors, any proposed changes in major accounting policies, and key estimates and judgments that may be material to financial reporting and probe whether the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances.
- Discuss with management and the External Auditors the clarity and completeness of the Corporation's financial disclosures.
- Review benchmarks submitted by management of the Corporation's accounting policies and disclosure to those followed in its industry.

RISK AND UNCERTAINTIES

Recognizing that it is the Board's responsibility, in conjunction with management, to (1) identify the principal business risks facing the Corporation, (2) determine the Corporation's tolerance for risk and (3) approve risk management policies, the Audit Committee focuses on the significant financial risks and develops reasonable assurance that such risks are being effectively managed and controlled by management.

- Develop reasonable assurance that these significant financial risks are effectively being mitigated and controlled by:
 - (i) reviewing with management, at least every quarter, an updated list of such financial risks as well as ongoing or special actions undertaken to manage each one of these identified risks;
 - (ii) discussing with management its assessment of the residual financial exposure to the Corporation if any, ensuing from their management of such financial risks; and
 - (iii) enquiring of management whether existing policies, processes and programs are appropriate to identify, manage and control such financial risks.
- Review, at least once a year, the appropriateness of insurance coverage maintained by the Corporation.
- Review quarterly updates of the Corporation's outstanding contingencies, including legal claims, tax assessments and others, that could have a material effect upon the financial results and condition of the Corporation and the manner in which these matters are being disclosed in the financial statements.
- Review, at least once a year, the appropriateness of foreign currency, interest rate and other financial risk mitigation practices such as the use of derivative financial instruments.
- Review, at least once a year, the policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board of Directors in a timely fashion.

FINANCIAL CONTROLS AND DEVIATIONS

- Review annually the plans of the Internal Auditor and External Auditors to gain reasonable assurance that the proposed combined evaluation and testing of the Internal Controls are appropriate to risks, comprehensive, coordinated and cost effective.
- Review, quarterly, with management its program regarding planned Internal Control development and status update with regards to planned initiatives as well as status regarding corrections to control deviations.
- Review procedures for public disclosure of financial information extracted from the Corporation's financial statements, other than the public disclosure referred to under Financial Reporting above, and periodically assess the adequacy of these procedures.
- Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal accounting controls or auditing matters.
- Receive reports on all complaints and anonymous submissions of concern by employees regarding accounting, internal accounting controls or auditing matters, results of any inquiry carried to that effect, and how such matters have or will be corrected.
- Discuss with management the basis upon which the Chief Executive Officer and the Vice President, Finance and Chief Financial Officer report quarterly on the design and effectiveness of the Corporation's Internal Controls.

COMPLIANCE WITH LAWS AND REGULATIONS

- Review regular reports from management, Internal Auditor, External Auditors and legal counsel concerning the Corporation's compliance with tax and financial reporting laws and regulations including those necessitating withholdings requirements which can have a material impact on financial statements.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

- Recommend annually to the Board the nomination of the External Auditors for the purpose of preparing or issuing an auditor's report or any other related work of the Corporation.
- Recommend annually to the Board the compensation of the External Auditors.
- Receive annually from the External Auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client.
- Receive a report annually from the External Auditors with respect to their independence and objectivity, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services rendered to the Corporation.
- Review with the External Auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with internal audit activities and the materiality levels which the External Auditors propose to employ.
- Establish effective communication processes with management and the Corporation's Internal and External Auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the External Auditors, management and the Committee.
- Oversee the work of the External Auditors, receive reports from the External Auditors on the progress against the approved audit plan, important findings, management letter recommendations for improvement and the Auditors' final report.
- Resolve disagreements between management and the External Auditors regarding financial reporting.
- Meet regularly with the External Auditors in the absence of management.
- Establish annually a list of services that may not be provided by the External Auditors as a measure to safeguard their objectivity and independence. Ensure compliance with such list of proscribed services with regulatory requirements.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the External Auditors, subject to the exemptions provided for in MI 52-110.

- Review and approve the Corporation's hiring policy regarding partners, employees and former partners or employees of the present and former External Auditors of the Corporation.
- Review reports of External Auditors concerning planned rotation of partners assigned to the Corporation's affairs.
- In the case of resignation or termination of the External Auditors or their replacement, review and approve the change of auditor notice within 30 days after the date of termination, resignation or replacement.
- Receive notice from the External Auditors of defects in their quality control systems according to the Canadian Public Accountability Board (CPAB) and/or that they are subject to sanction by the CPAB.

RELATIONSHIP WITH THE INTERNAL AUDITOR

- Review the appointment and replacement of the Internal Auditor. Report such to the Board.
- Review the Internal Auditor's terms of reference, annual plan and schedule of audit assignments and annual budget.
- Review list of external audit firms from which Internal Audit can outsource employees on a contractual basis for parts or all of its planned assignments.
- Review the reports of the Corporation's Internal Auditor with respect to control, financial risk and any other matters appropriate to the Committee's duties. Receive management's responses to these audit observations and recommendations.
- Review and approve the reporting relationship of the Internal Auditor to ensure that an appropriate segregation of duties is maintained and that the Internal Auditor has direct reporting and access to the Committee on matters affecting the Committee's duties.
- Encourage Internal Auditor to share its planning and findings with the External Auditors in order to maximize audit coverage of the Corporation's operations and financial condition, in a cost-effective manner.

OTHER RESPONSIBILITIES AND ISSUES

- Review and reassess annually the adequacy of this Charter.
- Review disclosure of the Committee's Charter and of the Committee's activities presented in the Corporation's statement of corporate governance practices.
- After consultation with the Vice President, Finance and Chief Financial Officer and the External Auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources.
- Be informed of the appointment of the Corporation's senior financial executives.
- Perform such other functions as may from time to time be assigned to the Committee by the Board.

11.2 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is currently formed of four directors, i.e. Messrs. Harry A. King, the Committee Chair, William Press Cooper and Pierre Robitaille and Mrs. Germaine Gibara. Messrs. King and Cooper and Mrs. Gibara are independent directors as required by MI 52-110. Mr. Robitaille is a member of the Board of Directors and the Audit Committee of COGECO, the parent company of Cogeco Cable, and as such, is exempt from the independence requirement.

11.3 EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

The following describes the relevant education and experience of each member of the Audit Committee that provides him or her with (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements, (b) the ability to assess the general application of such accounting principles, (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Corporation's financial statements or experience actively supervising one or more persons engaged in such activities and (d) an understanding of internal controls and procedures for financial reporting.

William Press Cooper – Mr. Cooper has been, since 1980, President and Chief Executive Officer of Cooper Construction Limited, a real estate development and construction company located in Oakville, Ontario. As President and Chief Executive Officer of Cooper Construction Limited, he had responsibility for all aspects of its business and financial operations. He is also a director of Atlas Cold Storage Holdings Inc. and Stelco Inc., both of which are reporting issuers, and an Honorary Trustee for The Hospital for Sick Children, Toronto. Mr. Cooper is a Fellow of the Canadian Society of Civil Engineers and Campaign Chairman for United Way of Oakville.

Germaine Gibara – Mrs. Gibara has been, since 1995, President of Avvio Management Inc., a management consulting firm. She is a director of Sun Life Financial, Agrium Inc. and St. Lawrence Cement Inc., which are reporting issuers. She is also director of Canada Pension Plan Investment Board and is a member of Auditing and Assurance Standards Oversight Council (AASOC).

Harry A. King – Mr. King is a Chartered Accountant and President of Harking Investment Ltd., a holding company. He has been a member of the Audit Committee of the Corporation since 1993. Over the course of his career, Mr. King held several positions within Continental Lime Ltd. from 1976 to 1992, including as Vice President, Administration and Corporate Secretary from 1982 to 1992. From 1984 to 1991, he was also a director of Allarcom Pay Television, the then provider of pay television movie services in Western Canada. He is also a director of Churchill Corporation, which is a reporting issuer, and the Chairman of the company's audit committee.

Pierre Robitaille – Mr. Robitaille, who holds an FCA designation, is a business advisor and corporate director. He is retired from SNC-Lavalin Group Inc. where he was Executive Vice President and Chief Financial Officer from 1990 to 1998. Prior to this, Mr. Robitaille was in public practice for more than twenty years with the public accounting firm of Ernst & Whinney, where he held the positions of Managing Partner of the Montréal office, President of the firm in Québec and member of the firm's national Board of Directors. Mr. Robitaille is also a director of Gildan Activewear Inc. and of Swiss Reinsurance Canada Group. Over the course of his career, he has acquired competence in the audit of major public and private companies and a familiarity with internal controls and financial reporting procedures.

11.4 POLICY REGARDING NON-AUDIT SERVICES RENDERED BY AUDITORS

The Charter of the Audit Committee requires the Audit Committee to pre-approve all non-audit services to be provided by the external auditors to the Corporation or its subsidiaries. The Audit Committee also establishes annually a list of proscribed services that may not be provided by the external auditors as a measure to safeguard their objectivity and independence. The list of proscribed services includes the following services:

- Bookkeeping or other services related to the accounting records of financial statements of the Corporation;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions;
- Human resources;
- Broker-dealer, investment adviser or investment banking services;
- Legal services;
- Expert services related to the audit, except for tax services.

11.5 REMUNERATION OF AUDITORS

The following table presents, by category, the fees billed by the external auditors of the Corporation, Deloitte & Touche LLP, for the fiscal years 2005 and 2004:

Category of fees

	2005 \$	2004 \$
Audit Fees	185,400	180,000
Audit-Related Fees	584,814	213,758
Tax Fees	80,400	109,745
All Other Fees	46,212	42,750
Total	896,826	546,253

“Audit-Related Fees” include fees for financial information presentation and certification, fees for preliminary diligence on possible acquisitions and annual audit fees in respect of the Corporation’s pension benefit plans. “Tax Fees” include tax compliance services and tax advisory and planning services. “All Other Fees” include principally translation services and consultation and research services related to piracy of satellite services in Canada.

12 ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and the securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation’s information circular dated October 25, 2005. Additional financial information is provided in the Corporation’s comparative financial statements and the Management’s Discussion and Analysis for the year ended on August 31, 2005. This and other information relating to the Corporation is available on Internet at www.sedar.com or www.cogeco.ca.