

ANNUAL INFORMATION FORM

OCTOBER 29, 2009

ANNUAL
INFORMATION
FORM

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information form (“AIF”) may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Cable’s future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “foresee”, “ensure” or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding Cogeco Cable’s future operating results and economic performance, 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 Cogeco Cable believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Cogeco Cable, 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 Cogeco Cable currently expects. 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 and the introduction of competing products having technological or other advantages, many of which are beyond Cogeco Cable’s control. Therefore, future events and results may vary significantly from what management currently foresees. Cogeco Cable cautions the reader that the current adverse economic conditions make forward looking information and the underlying assumptions subject to greater uncertainty and that, consequently, they may not materialize, or the results may significantly differ from Cogeco Cable’s expectations. It is impossible for Cogeco Cable to predict with certainty the impact that the current economic downturn may have on future results. For more exhaustive information on these risks and uncertainties, the reader should refer to the “Uncertainties and Main Risks Factors” section of Cogeco Cable’s Annual Report for the year ended August 31, 2009 which is available at www.sedar.com. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to do so, Cogeco Cable is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, except as required by law.

Acronyms

| | |
|---------------|---|
| DOCSIS | DATA OVER CABLE SERVICE INTERFACE SPECIFICATIONS |
| DVR | DIGITAL VIDEO RECORDER |
| € | EURO CURRENCY |
| GB | GIGABYTES |
| Gbps | GIGABYTES PER SECOND |
| HD | HIGH DEFINITION |
| HSI | HIGH SPEED INTERNET |
| IP | INTERNET PROTOCOL |
| Kbps | KILO BITS PER SECOND |
| Mbps | MEGABITS PER SECOND |
| MHz | MEGAHERTZ |
| RGU | REVENUE-GENERATING UNITS INCLUDING BASIC CABLE, HSI, DIGITAL TELEVISION AND TELEPHONY SERVICE CUSTOMERS |
| SVOD | SUBSCRIPTION VIDEO ON DEMAND |
| VOD | VIDEO ON DEMAND |
| WI-FI | WIRELESS FIDELITY |

In this 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 and controlled entities.

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’s most recently completed financial year (i.e. August 31, 2009), except where it is specified in the AIF that the information is presented at another date.

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 the issue and transfer of shares. The registered office and the principal executive office of the Corporation are located at 5 Place Ville Marie, Suite 1700, Montréal (Québec) H3B 0B3.

1.2. INTERCORPORATE RELATIONSHIPS

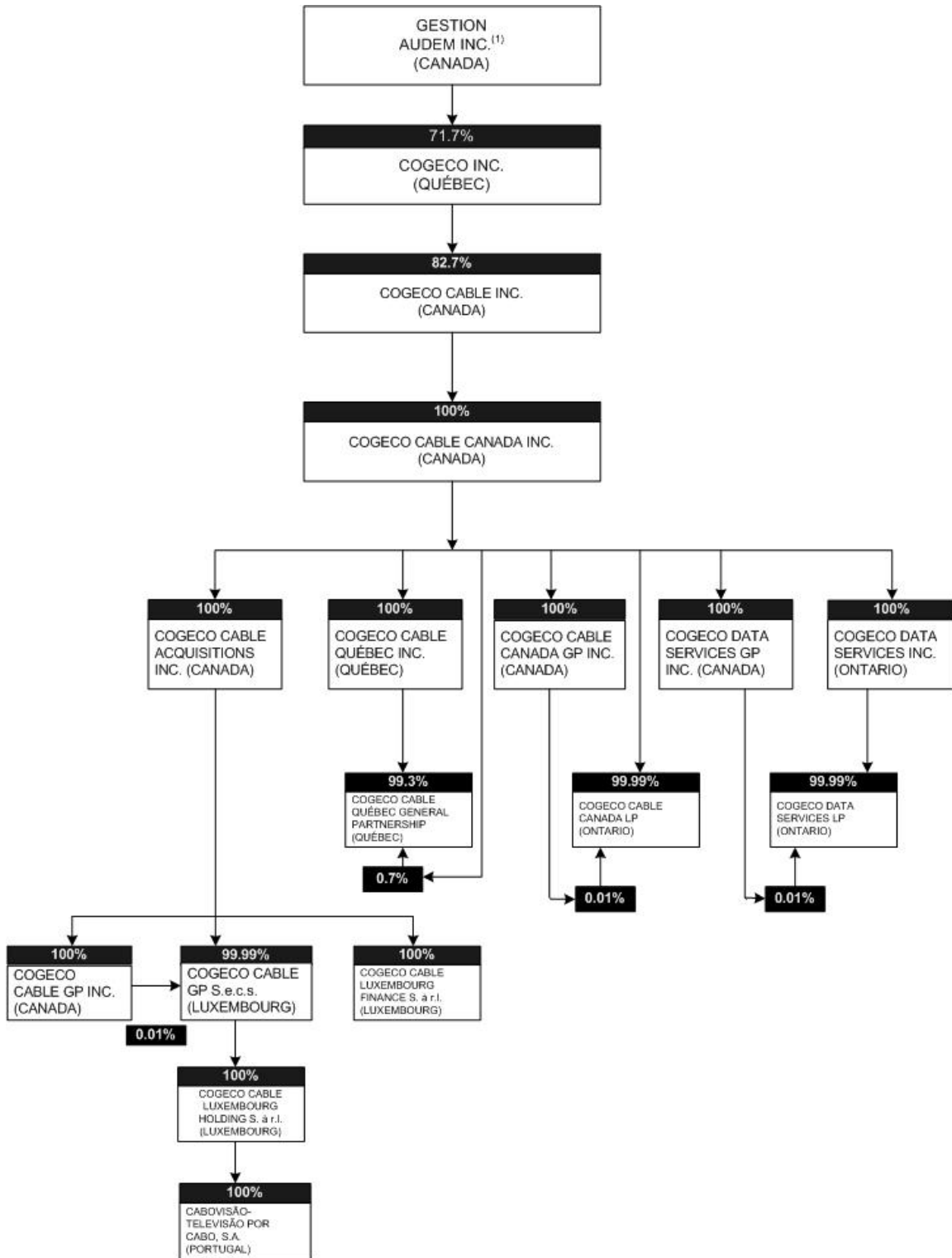
Cogeco Cable is a subsidiary of COGECO, a diversified Canadian communications company with operations in the cable and radio sectors. Cogeco Cable was organized as a subsidiary of COGECO for the purpose of holding all the cable assets of the COGECO Group of companies.

Cogeco Cable completed on September 1, 2009, an internal corporate reorganization of certain of its subsidiaries, which is described under heading 5 "Reorganizations". As at September 1, 2009, the only subsidiaries or other entities 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 LP ("CCC LP"), Cogeco Cable Québec General Partnership ("CCQ GP") and Cabovisão-Televisão por Cabo, S.A. ("Cabovisão").

CCC LP is a limited partnership under the authority of the *Limited Partnerships Act* in Ontario, which operates all of the Corporation's systems in Ontario. CCQ GP is a general partnership under a General Partnership Agreement formed under the Civil Code of Québec, which operates all of the Corporation's systems in Québec. Cabovisão is a subsidiary corporation incorporated under the laws of Portugal and registered in the Commercial Registry of Palmela, which operates the Corporation's systems in Portugal.

1.3. CORPORATE CHART

The following chart illustrates the structure of the Corporation, including the jurisdiction of incorporation/establishment of the various entities and percentage of voting rights held therein as at September 1, 2009.



(1) A PRIVATE COMPANY CONTROLLED BY MR. HENRI AUDET, A CANADIAN CITIZEN.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1. PROFILE

Cogeco Cable is a major cable telecommunications company with subordinate voting shares listed on the Toronto Stock Exchange (TSX) under the symbol CCA. The Corporation's operations are supported by hybrid fibre and co-axial cable broadband networks. Cogeco Cable provides its residential customers with Audio, Analogue and Digital Television as well as HSI and Telephony services. The Corporation also provides its business customers with data networking, e-business applications, video conferencing, hosting services, Ethernet, private line, voice over IP, HSI access, dark fibre, data storage, data security and co-location services and other advanced communications services. Cogeco Cable provides 2,892,238 RGU to the 2,470,274 homes passed by its cable network in the territories it serves. It is the second largest cable system operator in Ontario, Québec and Portugal in terms of Basic Cable service customers served. Cogeco Cable focuses on satisfying its customers' varied electronic communication needs by investing in state-of-the-art broadband network facilities, delivering a wide range of services over these facilities with great speed and reliability at attractive prices, and striving to provide superior customer care and growing profitability.

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 neighbouring communities. Following that initial cable acquisition, COGECO acquired from time to time, directly or through subsidiaries, a number of other cable systems in Canada. In June 1993, Cogeco Cable acquired all the cable television assets of COGECO and continued thereafter to make additional cable acquisitions. The greatest number of communities served by Cogeco Cable in Canada can be found today in the populous Windsor to Gaspé corridor.

In 2006, Cogeco Cable, through acquisition and finance subsidiaries, purchased for an agreed enterprise value of approximately €461.8 million (\$667.5 million), all the shares and all the senior secured debt of Cabovisão, and provided for the reimbursement of certain other specified liabilities of Cabovisão. See heading 13 "Material Contracts".

In fiscal 2008, Cogeco Cable completed acquisitions of several telecommunication divisions of energy companies in Ontario:

- On March 31, 2008, Cogeco Cable completed the acquisition of MaXess Networx®'s assets for a total consideration of \$15.6 million. MaXess Networx® was the telecommunications division of EnWin Energy Ltd., the City of Windsor's energy company.
- On June 30, 2008, Cogeco Cable completed the acquisition of FibreWired Burlington Hydro Communications' assets for a total purchase price of \$12.6 million. FibreWired Burlington Hydro Communications was the telecommunications division of Burlington Hydro Electric Inc., the City of Burlington's energy company.
- On July 31, 2008, Cogeco Cable completed the acquisition of all the outstanding shares of Toronto Hydro Telecom Inc. ("THTI") for \$200 million and also assumed a working capital deficiency and certain liabilities of approximately \$4 million. THTI was a telecommunications subsidiary of Toronto Hydro Corporation. THTI was renamed Cogeco Data Services Inc. ("CDS") the assets of which were transferred to Cogeco Data Services LP ("CDS LP") pursuant to the internal corporate reorganization described under heading 5 "Reorganizations".

3. DESCRIPTION OF THE CANADIAN BUSINESS

The cable assets of Cogeco Cable in Québec, referred to herein as "Cable Québec", are managed from a main business office located in the City of Trois-Rivières, Québec. The cable assets of Cogeco Cable in Ontario, referred to herein as "Cable Ontario", are managed 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.

The business telecommunications activities of CDS LP are managed from a main office located in the City of Toronto, Ontario. While CDS LP manages its business telecommunications systems, Cogeco Cable provides various support services to CDS LP which are not of a market-specific nature.

3.1. CUSTOMERS

The following table presents the number of homes passed, RGU, Basic Cable service customers and the penetration rate of Basic Cable service in Québec and Ontario as at August 31, 2009:

| | HOMES PASSED | RGU | BASIC CABLE SERVICE CUSTOMERS | PERCENTAGE OF PENETRATION OF BASIC CABLE SERVICE |
|---------------|--------------|-----------|-------------------------------|--|
| CABLE ONTARIO | 1,049,818 | 1,483,324 | 597,651 | 56.9 |
| CABLE QUÉBEC | 515,327 | 676,539 | 267,154 | 51.8 |
| TOTAL | 1,565,145 | 2,159,863 | 864,805 | 55.3 |

The following table presents the number of customers subscribing to Basic Cable service and the penetration rate of Basic Cable service, Digital Television service, HSI service and Telephony service from August 31, 2005 to August 31, 2009:

| AS AT AUGUST 31, | BASIC CABLE SERVICE CUSTOMERS | PERCENTAGE OF PENETRATION OF BASIC CABLE SERVICE | DIGITAL TELEVISION SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽¹⁾⁽²⁾ | HSI SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽¹⁾⁽³⁾ | TELEPHONY SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽¹⁾⁽⁴⁾ |
|------------------|-------------------------------|--|--|---|---|
| 2005 | 821,433 | 56.7 | 30.7 | 37.7 | 0.2 |
| 2006 | 833,177 | 56.4 | 40.0 | 44.3 | 10.4 |
| 2007 | 849,157 | 57.2 | 45.8 | 52.2 | 21.7 |
| 2008 | 857,094 | 56.0 | 52.4 | 57.7 | 30.5 |
| 2009 | 864,805 | 55.3 | 58.5 | 62.0 | 36.1 |

- (1) CALCULATED ON THE BASIS OF THE CABLE SYSTEMS WHERE THE SERVICE IS OFFERED.
- (2) THE NUMBER OF DIGITAL TELEVISION SERVICE CUSTOMERS FOR FISCAL 2005 WAS RESTATED TO REFLECT CHANGES BROUGHT ABOUT BY COGECO CABLE'S BILLING IMPROVEMENT PROGRAM, WHICH ALLOWED THE CORPORATION TO IDENTIFY DIGITAL TELEVISION CUSTOMER ACCOUNTS THAT WERE NOT CANCELLED WHEN THEY BECAME INACTIVE. THIS CHANGE RESULTED IN A DOWNWARD ADJUSTMENT OF 8,085 CUSTOMERS AS AT AUGUST 31, 2005.
- (3) CUSTOMERS SUBSCRIBING TO HSI SERVICE WITHOUT THE BASIC CABLE SERVICE TOTALLED 78,056 AS AT AUGUST 31, 2009, 75,433 AS AT AUGUST 31, 2008 AND 67,585 AS AT AUGUST 31, 2007.
- (4) CUSTOMERS SUBSCRIBING TO TELEPHONY SERVICE WITHOUT THE BASIC CABLE SERVICE TOTALLED 24,698 AS AT AUGUST 31, 2009, 17,752 AS AT AUGUST 31, 2008 AND 8,962 AS AT AUGUST 31, 2007.

Historically, the Basic Cable service penetration rate in Québec has been lower than the Basic Cable service penetration rate in Ontario. In Québec, Cogeco Cable operates cable systems in areas that are predominantly francophone. Demand for English programming available only through cable television and satellite television (specialty and pay services) is lower in Québec francophone areas, thereby lessening the demand for cable television. In those areas, demand is mostly for French conventional programming (approximately 50-55% of Québec's television viewing), which is available over-the-air.

3.2. SERVICES

Cogeco Cable offers a wide range of broadcasting and telecommunication services to its residential and business customers in Canada, including Analogue and Digital Television services, HSI service and Telephony service. Cogeco Cable actively bundles these services into double-play and triple-play offerings at competitive prices to encourage cross-selling within its customer base and to attract new customers.

3.2.1. BROADCASTING DISTRIBUTION SERVICES

Cogeco Cable's broadcasting distribution services are offered in Canada, on a subscription basis, in analogue or digital format. The offering of broadcasting distribution services is subject to varied and extensive regulatory requirements, mainly under the authority of federal statutes governing broadcasting, telecommunications, radiocommunication and copyright. Under the *Broadcasting Act*, the Canadian Radio-television and Telecommunications Commission ("CRTC") is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing certain broadcasting policy objectives enunciated in that Act. In order to provide broadcasting distribution services, Cogeco Cable must hold valid broadcasting licences issued by the CRTC under the authority of the *Broadcasting Act* (or operate pursuant to an exemption order issued thereunder), as well as broadcasting certificates issued pursuant to the *Radiocommunication Act*.

ANALOGUE TELEVISION SERVICE

Basic Cable service

Analogue Television service customers receive a Basic Cable service generally consisting of an average of 37 channels in Ontario and an average of 23 channels in Québec, with some variations from one area to another. The ordering of channels on the Basic Cable service must comply with the requirements of the CRTC and generally includes a mix of conventional Canadian and U.S. broadcast signals and specialty services. The subscription fee for the Basic Cable service offered by the Corporation is no longer regulated by the CRTC.

Discretionary services tiers

Analogue Television service customers can obtain additional programming services by subscribing to a discretionary service tier comprising a mix of Canadian and non-Canadian specialty television services. Cable Ontario offers to its customers on most of its systems one discretionary service tier including an average of 27 specialty television services with some variations from one area to another while Cable Québec offers to its customers on the majority of its systems one tier consisting of an average of 19 specialty television services with some variations from one area to another. Customers must first subscribe to the Basic Cable service before they can subscribe to a discretionary service tier. The linkage and distribution of discretionary service tiers remain regulated by the CRTC, but subscription fees for discretionary service tiers are not regulated.

DIGITAL TELEVISION SERVICE

Digital Basic service

Digital Television service customers in Ontario generally receive the same basic service as Analogue Television service customers. In addition, for a digital upgrade fee, Digital Television service 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 Television specialty services including *MTV Canada*, *TSN 2*, *Game TV*, *Christian Channel*, *Teletoon Retro*, *The Accessible Channel*, *CPAC French* and three regional *Sportsnet* channels.

Digital Television service customers in Québec generally receive the same basic service as Analogue Television service customers except for the U.S. networks *ABC*, *CBS*, *NBC* and *Fox*. To receive the United States networks, Digital Television service customers in Québec subscribe to the *Passeport* package. Digital Television service customers in Québec also receive 40 *Max Trax/Galaxie* digital audio channels, an interactive program guide, *The Weather Network* and *The Accessible Channel*.

Discretionary services tiers

Subject to CRTC requirements, Digital Television 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 television services.

Pay television services

Digital Television service customers can access a large selection of pay television services such as the four channels of *Super Écran* (one channel in Ontario), five channels of *The Movie Network*, including *HBO Canada*, two *Mpix* channels and four channels of *The Super Channel* (in selected Ontario systems) and other specialized channels some of which include adult content.

Pay-per-view services

Digital Television service customers can also order movies of their choice on one of up to 5 channels in Ontario and on one of the 12 channels available in Québec offered by the Pay-per-view service providers, *Shaw*, *Viewers Choice* and *Canal Indigo*.

VOD and SVOD services

With the VOD service, Digital Television 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 3,500 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 pause, stop, rewind and fast-forward capabilities. There are no monthly fees. Customers are only charged for the movies they watch. In addition, Cogeco Cable provides a selection of free On Demand content as part of the VOD service, including free children's programming from *Treehouse On Demand*, *Teletoon On Demand*, *YTV On Demand* and *Family On Demand*, as well as free movies and locally produced shows from *TVCOGECO*. Cogeco Cable has access to approximately 80 % of box office releases for its VOD service.

The SVOD service allows Digital Television service customers to access a wide variety of on demand content when it is convenient for them on a monthly subscription basis. The SVOD services, *The Movie Network On Demand*, *Mpix On Demand*, *Super Écran sur demande* and *Super Channel On Demand*, are included at no extra

cost with the subscription to the associated pay television services. The *WWE 24/7* service is also available as well as the *Anime On Demand* service, for additional monthly fees.

HD Television service (“HDTV”)

As at August 31, 2009, Cogeco Cable offered the HDTV service in most of its major markets in Ontario and Québec with up to 43 HD channels. HD channels are added on an ongoing basis. Digital Television service customers who purchase or rent a HD-capable set-top and who pay the HD access fee to subscribe to the HDTV service can receive the HD version of a standard definition channel that they already subscribe to. In Ontario, two premium HDTV services, *HDNet* and *Discovery HD*, are available together in a package for an additional monthly fee. In Québec, *Discovery HD* is offered as a HDTV premium service for an additional monthly fee.

3.2.2. TELECOMMUNICATION SERVICES

The offering of telecommunication services by facilities-based telecommunication carriers (Canadian carriers) is federally regulated under the authority of the *Telecommunications Act*. The CRTC is responsible under the *Telecommunications Act* for the regulation of telecommunications carriers, which includes the regulatory oversight of Cogeco Cable’s HSI, Telephony and data communications services. Canadian carriers are not subject to licensing but the offering and provision of any telecommunication service by a Canadian carrier are subject to any conditions imposed by the CRTC or included in a tariff approved by the CRTC. The CRTC has now largely forborne from economic regulation of telecommunication services.

HSI SERVICE

Residential

Cogeco Cable offers to its residential customers in Ontario and Québec HSI service with different transfer speeds and service attributes:

In Ontario:

- The *HSI Lite*, which operates at up to 3 Mbps downstream and up to 600 Kbps upstream, with a monthly bit cap of 10 GB combined.
- The *HSI Lite Plus*, which operates at up to 7 Mbps downstream and up to 800 Kbps upstream, with a monthly bit cap of 30 GB combined.
- The *HSI Standard*, which operates at up to 14 Mbps downstream and up to 1 Mbps upstream, with a monthly bit cap of 60 GB combined.
- The *HSI Pro*, which operates at up to 16 Mbps and up to 1 Mbps upstream, with a monthly bit cap of 125 GB combined.
- The *HSI Ultimate*, which operates at greater downstream speeds of up to 50 Mbps and upstream speeds of up to 1.5 Mbps, with a monthly bit cap of 150 GB combined. This tier is available only in some systems and will be gradually deployed in other systems of Cable Ontario.

In Québec:

- The *HSI Mini*, which operates at up to 640 Kbps downstream and up to 150 Kbps upstream, with a monthly bit cap of 10 GB combined.
- The *HSI Intermédiaire*, which operates at up to 3 Mbps downstream and up to 300 Kbps upstream, with a monthly bit cap of 20 GB combined.
- The *HSI Standard*, which operates at up to 10 Mbps downstream and up to 640 Kbps upstream, with a monthly bit cap of 60 GB combined.
- The *HSI Pro*, which operates at up to 16 Mbps and up to 1 Mbps upstream, with a monthly bit cap of 100 GB combined.

Customers exceeding their monthly bit cap are charged for their over consumption a small fee per GB.

Cogeco Cable’s HSI service comes with a comprehensive security package including firewall, Anti-Virus, Anti-Spam, Anti-Spyware, Enhanced Parental Control, Dial-up Control, Anti-Phishing, Deepguard and Rootkit detection.

Cogeco Cable HSI service customers can connect wirelessly to the Internet at no extra cost from over 450 designated wireless Wi-Fi Internet hotspots in Ontario and Québec. Non-Cogeco HSI customers can also

connect to the Internet from these wireless hotspots on a pay-per-use basis using text messaging on their cellular telephones.

Business

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

- The *HSI Starter*, which operates at up to 7 Mbps downstream and up to 640 Kbps upstream, with a monthly bit cap of 120 GB combined.
- The *HSI SOHO/Standard*, which operates at up to 16 Mbps downstream and up to 1 Mbps upstream, with a monthly bit cap of 200 GB combined.
- The *HSI Enterprise*, which operates at up to 16 Mbps downstream and upstream speeds of up to 1.5 Mbps, with an unlimited monthly bit cap.

A security package is also offered at no extra cost to HSI service business customers. Cogeco Cable also offers a variety of web hosting packages designed to help small business customers establish a presence on the web.

THIRD-PARTY INTERNET ACCESS SERVICE

Cogeco Cable provides Internet Service Providers (“ISPs”) access to its facilities in order for ISPs to provide their own HSI service under the terms and conditions of a tariff for third-party Internet access service approved by the CRTC in 2000 (the “TPIA Tariff”). A few ISPs have subscribed to this service. Four and five speed tiers are available to ISPs in Québec and Ontario, respectively.

TELEPHONY SERVICE

Cogeco Cable Telephony service in Canada uses IP to transport digitised voice signals over the same Cogeco Cable private network that brings Cable Television and HSI services to subscribers.

As at August 31, 2009, Cogeco Cable Telephony service was available to approximately 90% of homes passed in Cogeco Cable territories. The Telephony service is available to residential and small business customers in Ontario and Québec.

Residential

In Ontario, Cogeco Cable residential Telephony Service is available *à la carte*, i.e. a local line to which any calling features can be added and long distance calls being charged by the minute. There are also two packages available: the Select package including local calling, two calling features at the choice of the customers and 100 minutes long distance calls within Canada and US. Excess long distance calls are billed by the minute. The other package available is the Freedom package including unlimited calling in Canada and the US and five of the most popular calling features (voice mail, call display, call waiting, visual call waiting and call forwarding). Customers can also add some calling features to their package. All Cogeco Cable residential Telephony Service customers have also access to direct international calling.

In Québec, Cogeco Cable residential Telephony Service includes unlimited calling in Canada and the United States and five of the most popular calling features (voice mail, call display, call waiting, visual call waiting and call forwarding). Customers can also add some calling features to their package.

Business

Cogeco Cable offers a business Telephony Service in both Ontario and Québec. This service is available to business customers requiring up to 12 phone lines. This service is delivered over the same network used to deliver the Cogeco Cable Telephony Service and is designed to replace Public Switched Telephone Network (“PSTN”) analogue business lines. The business Telephony Service is designed to feed individual devices or phone systems. It includes line hunting as well as voice mail, call display, call waiting, visual call waiting and call forwarding. It is sold as an all-inclusive package which includes all features and North American Long Distance.

DATA SERVICES

Cogeco Cable provides Ethernet local loops with speeds ranging from 10 Mbps to 1 GB per second, carries traffic from these local loops on its long-haul backbone and offers dedicated HSI access over fiber for business customers who require higher bandwidth. These services are offered throughout the Cogeco Cable territory wherever Cogeco Cable has a local fiber-optic network.

CDS LP offers dedicated connectivity over fiber (data services) for business customers that require higher bandwidth. It offers a suite of network services ranging from connectivity, including Dedicated Internet access, Ethernet Metro Local Area Network (“LAN”) and Managed Wavelengths, to value added services such as Collocation and Data Storage and Recovery. With operations throughout the Toronto area, including its

wholly-owned 600-kilometre fibre optic network, CDS LP connects over 575 commercial buildings within the city, many of which are in the downtown core. CDS LP's customers (some of which are among Canada's largest publicly traded companies and public sector organizations) are located primarily in the Greater Toronto Area ("GTA") and the United States, with connections reaching across North America.

Dedicated Internet Access service

CDS LP's Dedicated Internet Access service provides businesses with Internet access at speeds ranging from 2 Mbps to 1 Gbps and beyond. This reliable and dedicated service provides customers with a guaranteed level of capacity and the fastest, least congested route to the Internet. A burstable option is also available. In addition, CDS LP provides a non-dedicated service, allowing customers to connect to the Internet at varying throughput speeds. Available in both 10 Mbps and 100 Mbps, the Non-Dedicated Internet service is ideal for organizations that require intermittent spurts of traffic and casual browsing.

Metro LAN service

CDS LP's Metro LAN service is a data transport service that provides Ethernet to Ethernet connectivity between two or more locations with interfaces from 10 Mbps to 1 Gbps and beyond. Cost-effective and reliable, CDS LP's Ethernet Metro LAN service is built to allow customers to easily expand their local area network with no costly equipment or upgrades required.

Managed Wavelengths service

CDS LP's Managed Wavelengths service provides customers with an all-optical, high capacity transport platform for metro and regional network access. The service allows customers to maximize the capability of their connection by creating multiple channels for data transfer over a single strand of fibre. CDS LP's Managed Wavelengths service provides point-to-point managed wavelengths from its core DWDM (Dense Wave Division Multiplexing) network.

Collocation service

CDS LP's Collocation service facilities provide a secure controlled environment for hosting mission critical data and operations. CDS LP's new state-of-the-art data centre provides customers with secure cabinet space, dual power feeds with Uninterruptible Power Supply ("UPS") and generator backup, and redundantly routed upstream Internet access or data access services.

Data Storage and Recovery services

CDS LP's Storage and Recovery services ensure that data is protected and accessible, helping organizations plan for disasters and defend against unplanned downtime. CDS LP provides fully managed automatic data replication, complete server recovery as well as disk space on the Storage Area Network ("SAN") to accommodate both short-and long-term storage needs. Self-managed and highly scalable, CDS LP's Data Storage and Recovery services support a variety of platforms and require no capital purchases.

3.3. CABLE NETWORKS

The Corporation provides its residential and business customers cable, data and telecommunication services in Canada through state-of-the-art fibre optic and broadband distribution networks. It is Cogeco Cable's general policy to fully own its distribution networks, head-ends and data centres as well as its transmission equipment and access facilities. As at August 31, 2009, Digital Television and VOD services were available to approximately 99% and 92% of homes passed, respectively, and approximately 96% of homes passed were served by a two-way cable plant. Cogeco Cable's inter-city optical fibre network extends over 9,849 kilometres and includes 101,142 kilometres of optical fibre. Cogeco Cable has deployed optical fibre to nodes serving clusters of typically at or below 1,000 homes passed, with multiple fibres per node in most cases, which allows the Corporation to further extend the capacity of the fibre plant to clusters of 500 homes or less rapidly if and when necessary. This process, known as "Node Splitting", leads to further improvement in the quality and reliability and an increase in the capacity of two-way services such as HSI, VOD and Telephony.

Cogeco Cable currently acquires DOCSIS 2.0 & DOCSIS 3.0 equipment. Cogeco Cable uses DOCSIS 1.1, DOCSIS 2.0 and DOCSIS 3.0 standards within its IP platform. The DOCSIS standard includes numerous features including the prioritization of packets to ensure a continuous transmission and quality. This prioritization is important for services that need to be transmitted in real time, such as those of the Telephony service. In addition, when required, DOCSIS 2.0 and DOCSIS 3.0 features can be activated to achieve increased speed and capacity in the return path by using advanced modulation or features that can allow the use of portions of the spectrum that are not otherwise usable. This gives Cogeco Cable a flexible and expandable platform for providing other products like symmetrical services, which are particularly well suited for commercial customer applications. The new standard, DOCSIS 3.0, while still compatible with the earlier versions, will make it possible to further increase IP transmission speeds up to 160 Mbps and beyond. Cogeco Cable is in the process of a gradual deployment of DOCSIS 3.0 head-end and customer premise equipment.

Cogeco Cable has implemented an infrastructure with 550 MHz and 750 MHz capacity, depending on the cable system and customer needs. The infrastructure with 550 MHz capacity allows for the transmission of up to 80 analogue channels and the 750 MHz infrastructure allows for the transmission of up to 110 analogue channels. For reference purposes, each analogue 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 signals.

Cogeco Cable is currently testing the Switched Digital Video (“SDV”) technology in a limited sample system in the province of Ontario in order to assess the applicability of this technology to its network. If successful, these trials are expected to lead to further deployment of this technology in the coming years. The SDV technology allows the Corporation to selectively broadcast the Digital Television channels that are currently being viewed by customers, effectively allowing the Corporation to offer a greater selection of digital channels, and is used particularly for low viewership content and channels.

Cogeco Cable is also in the process of assessing the applicability of the Digital Terminal Adaptor (“DTA”) technology, which is currently in early field trials. If field trials provide conclusive evidence and subsequent business models demonstrate viability, deployment of this technology could begin in the next few years. DTA technology converts Digital Television signals to analogue signals in the viewer’s home through a device installed on the television set. Deployment of this technology would allow for a broader use of Digital Television service and for the further conversion of analogue channel capacity.

3.4. LICENCES AND CONTRACTS

The Corporation’s business in Ontario and Québec is substantially dependent on some important licences and contracts. In order to provide broadcasting distribution services, unless exempted, 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 Corporation is licensed on a regional basis in Ontario and Québec, which means that in each province, the Corporation is authorized under a single licence to operate a number of cable systems of a certain class (defined by the number of subscribers). Smaller non-interconnected cable systems are licence-exempt. The CRTC has never revoked or failed to renew a licence for an active cable system owned by Cogeco Cable. The licences of all Cable Québec and Cable Ontario systems were renewed in 2006 and 2007 respectively, for a period of seven years.

The distribution of certain audio and video 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. During fiscal 2009, Cogeco Cable concluded affiliation agreements with various specialty services and content providers for the distribution of existing and new services, including HD services and On Demand services.

The construction and operation of cable systems also requires the execution of contracts with public utilities and sometimes, with municipalities, 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 incumbent 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 in 2003 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 Ontario Energy Board (“OEB”), in a decision released on 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. That rate is still in effect and will so remain unless and until revised by the OEB. Any revision to that rate would require an amendment to the existing licences of electric power utilities in Ontario, which would be subject to oral or written public hearings before the OEB.

The offering of the Corporation’s Telephony service in Ontario and Québec requires the execution of agreements with strategic providers, in order to secure the delivery as well as the growth and quality of this service. To that end, the Corporation entered into major agreements with various suppliers such as Telus, which provides telecommunication services through a long-term contractual arrangement.

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, will both expire on December 31, 2010.

Cogeco Cable regularly negotiates renewals of programming affiliation agreements. The market for audio and video programming services in Canada is characterized by high levels of supplier integration. While Cogeco Cable

has been able to conclude satisfactory distribution agreements with Canadian and foreign programming service suppliers to date, there is no assurance that network fees will not increase by larger increments in future years. There is also no assurance that programming service suppliers will not change other material terms of distribution agreements or extend preferences for the distribution of their content to competing distributors, or push for distribution over the Internet in the future. In the case of a dispute with a Canadian programming service, the CRTC can set distribution terms, including wholesale fees payable to the programming service supplier.

3.6. EMPLOYEES

As at August 31, 2009, the number of full-time equivalent employees of the Corporation, its subsidiaries and controlled entities in Canada was 2,209 including the 497 full-time equivalent employees of Cable Québec and the 39 full-time equivalent employees of CDS (now CDS LP) 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 purposes, namely: i) technical, design, network control centre and community programming that are located across various locations of the Corporation in the Province of Québec; ii) customer service, accounting and payroll mainly located in Trois-Rivières; and iii) all employees in the Alma and Roberval areas. The two collective agreements with the employees of the first two units in Québec, represented by CUPE (Canadian Union of Public Employees), expired on December 31, 2008. Negotiations for the renewal of these collective agreements started in November 2008 and the impact of the renewal terms will not be known until negotiations are concluded. The third collective agreement with CSN (*Confédération des Syndicats Nationaux*), the union representing the third unit, will expire on May 31, 2010. The collective agreement in effect for certain employees of CDS (now CDS LP), grouped in one unit represented by CUPE, local 1, expired on January 31, 2009 and was renewed for four years, until January 31, 2013. While Cogeco Cable does not anticipate any labour disruption, it is not possible, at this time, to assess the impact of the negotiations of the collective agreements of Cable Québec employees on operations or future operating costs. There are no collective agreements in Cable Ontario.

Cogeco Cable considers its labour relations to be satisfactory.

3.7. COMPETITIVE CONDITIONS

In Canada, Cogeco Cable currently faces competition in its service areas mainly from a few large integrated telecommunications service providers. The largest, BCE Inc. ("Bell"), offers, through its various subsidiaries, income trusts and partnerships, a full range of competitive voice, data and video services to residential, as well as to business customers in the Provinces of Ontario and Québec through a combination of fixed wireline, mobile terrestrial wireless and satellite platforms. It is anticipated that Bell will eventually proceed with the rollout of IPTV services over its fixed wireline platform.

Telus Communications Company competes with all of Cogeco Cable's services in the Lower St. Lawrence area of the Province of Québec through the use of its wireline network, and throughout Cogeco Cable's Canadian footprint through the use of its mobile telecommunications network. However, Cogeco Cable's Telephony service is provided with the assistance of certain Telus carrier services through a long-term contractual arrangement.

Shaw Direct (formerly Star Choice Television Network Incorporated), an indirect subsidiary of Shaw Communications Inc., competes for video and audio distribution services throughout Cogeco Cable's Canadian footprint.

Rogers Wireless Communications Inc., a subsidiary of Rogers Communications Inc., operates a mobile telecommunications network in Ontario and Québec and is the owner of the Inukshuk broadband wireless network in partnership with Bell Mobility. Rogers Cablesystems Inc., the cable subsidiary of Rogers Communications Inc., is licensed to extend its services in the Burlington, Oakville and Milton areas, which are part of Cogeco Cable's footprint in Ontario, although there has not been any significant cable overwiring to date.

Videotron Ltd., an indirect subsidiary of Quebecor Inc., offers competitive telecommunications services in Cogeco Cable's Québec footprint and its new wholly-owned advanced wireless service ("AWS") is expected to be rolled out soon. It is anticipated that other AWS service providers will launch new wireless voice, HSI, data and video services in the near future within Cogeco Cable's footprint, thus resulting in increased competition for the fixed Telephony, HSI, data and Television services of Cogeco Cable.

Cogeco Cable also competes with other telecommunications service providers, including Vonage, Primus and Rogers Home Phone (formerly known as Sprint), with alternative service providers that use resale or third-party access arrangements in effect, and with smaller facilities-based competitors such as Maskatel in certain local markets within its network footprint.

Cogeco Cable also faces illicit competition from the unauthorized reception of direct-to-home satellite signals. The level of piracy of television signals and the actual penetration of illicit reception of television distribution services in

households within the Corporation's service areas may also have a significant effect on the Corporation's business and the competitiveness of its service offerings.

3.8. RECENT REGULATORY DEVELOPMENTS

On July 6, 2009, the CRTC initiated a proceeding to consider the implementation of a negotiated fee to be paid by Canadian cable and satellite broadcasting distributors to Canadian conventional over-the-air television broadcasters for the carriage of their local and regional signals. On August 11, 2009, the CRTC amended its notice of consultation to clarify that the proceeding will examine the appropriateness of imposing any fee-for-carriage ("FFC"). A public hearing is scheduled to commence on November 16, 2009. Cogeco Cable will continue to strongly oppose any form of FFC. The CRTC had previously decided on October 30, 2008, not to impose new fees for the carriage of the over-the-air television signals of Canadian conventional television stations by broadcasting distribution undertaking. Such a measure, if implemented, could have an adverse impact on the cost of Basic Cable service and hence, on RGU growth and the purchase of optional television tiers or on-demand television services. On September 17, 2009, the Government of Canada issued an Order-in-Council ("OIC") directing the CRTC to hold hearings and to provide the government with a report on the implications for consumers and on the Canadian broadcasting system of implementing FFC. The CRTC responded that it will hold a separate public hearing starting on December 7, 2009 seeking consumer input on the issues raised in the OIC. The outcome of these proceedings will likely not be known until the second quarter of the 2010 fiscal year. Cable and satellite broadcasting distributors have indicated that any FFC would be passed on to customers, while television broadcasters have advocated that cable and satellite distributors absorb the cost of FFC. Following the issuance of the OIC, the CRTC has launched a parallel proceeding to consider the affordability of television services, including a low-cost basic television service and more discrete service options for cable and satellite customers.

The CRTC has increased the contribution that Broadcasting Distribution Undertakings must make to Canadian programming. In addition to the mandatory contribution amounting to 5% of gross revenue derived from broadcasting activities that licensed cable and satellite broadcasting distributors are already required to pay in order to support Canadian television program production and local expression in television, the CRTC has decided to impose an additional levy amounting to 1.5% of gross revenue derived from their broadcasting activities, payable monthly starting in September 2009, in order to finance a new Local Programming Improvement Fund ("LPIF"). The LPIF will benefit conventional television broadcasters operating local stations in Canadian television markets of less than 1 million in population. Cogeco Cable may not be able to pass on the full cost of this additional levy to its customers in the 2010 fiscal year.

By way of judicial reference, the CRTC on July 28, 2009 asked the Federal Court of Appeal to determine whether it has jurisdiction under the *Broadcasting Act* to regulate ISPs where ISPs provide access through the Internet to "broadcasting" requested by end-users. Cogeco Cable has decided to participate in this reference with a view to have the Court determine that the Commission does not have such jurisdiction. This determination will be important in light of proposals made to the CRTC to impose a levy of 2.5% of gross revenue derived from ISP activities to further support Canadian programming content.

The CRTC will hold a public hearing starting on January 11, 2010 to consider the appropriateness of mandating certain wholesale high-speed access services for large incumbent telephone companies as well as for large cable telecommunications carriers. As part of this telecommunications proceeding, third party competitors are seeking regulated wholesale access to cable head ends and to dedicated 6 MHz channels on Cogeco Cable's network over and above the TPIA services already provided under the terms of a third party access tariff approved by the CRTC. Since Cogeco Cable's network is a shared network between various users and between various broadcasting and telecommunications services, mandated access by third parties to dedicated channels and to any local head end would adversely affect the capital requirements for cable networks and their efficient operation.

The CRTC also initiated on July 21, 2009 a telecommunications proceeding to review the large incumbent telephone companies' support structure rates. Cogeco Cable makes significant use of support structures owned by federally-regulated telephone companies within its network footprint in Ontario and Québec. Access to these essential facilities is provided under the terms of tariffs approved by the CRTC. The large incumbent telephone companies are mainly seeking to obtain substantially higher rates for this service.

Changes in the regulatory framework resulting from the proceedings described above may affect the Corporation's existing business activities or future prospects. Please refer to the section titled "Uncertainties and Main Risk Factors – Regulatory Risks" in the Corporation's management's discussion and analysis for the year ended August 31, 2009.

3.9. TRADEMARKS

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

3.10. CYCLES

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations. However, the loss of Basic Cable service customers is usually greater, and the addition of HSI service customers is generally lower, in the second half of the fiscal year as a result of decrease in economic activity due to the beginning of the vacation period, the end of the television seasons and students leaving their campus at the end of the school year. Cogeco Cable offers its services in several university and college towns in Canada such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski. Furthermore, the third and fourth quarter's operating margin is usually higher as no management fees are paid to COGECO in those quarters. Under the management agreement outlined in Item 14 of this AIF, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. Since the maximum amount was reached in the second quarter of fiscal 2009, Cogeco Cable has paid no management fees in the second half of fiscal 2009.

4. DESCRIPTION OF THE EUROPEAN BUSINESS

The cable assets of Cabovisão are managed from a main office located in the city of Palmela (near Lisbon), Portugal. With initial services launched in 1996, Cabovisão is the second largest cable operator in Portugal with 732,375 RGU as at August 31, 2009. Its fibre optic ring provides direct access to the customers throughout the country.

4.1. CUSTOMERS

The following table presents the number of homes passed, RGU, Basic Cable service customers and the penetration rate of Basic Cable service in Portugal as at August 31, 2009:

| | HOMES PASSED | RGU | BASIC CABLE SERVICE CUSTOMERS | PERCENTAGE OF PENETRATION OF BASIC CABLE SERVICE |
|-------|--------------|---------|-------------------------------|--|
| TOTAL | 905,129 | 732,375 | 259,480 | 28.7 |

The following table presents the number of customers subscribing to Basic Cable service and the penetration rate of Basic Cable service, HSI service and Telephony service in Portugal from August 31, 2006 to August 31, 2009:

| AS AT AUGUST 31, | BASIC CABLE SERVICE CUSTOMERS | PERCENTAGE OF PENETRATION OF BASIC CABLE SERVICE | DIGITAL TELEVISION SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽¹⁾⁽²⁾ | HSI SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽²⁾⁽³⁾ | TELEPHONY SERVICE CUSTOMERS AS A % OF BASIC CABLE SERVICE ⁽²⁾⁽⁴⁾ |
|------------------|-------------------------------|--|--|---|---|
| 2006 | 269,694 | 32.6 | N/A | 50.5 | 82.7 |
| 2007 | 294,003 | 34.2 | N/A | 54.4 | 82.7 |
| 2008 | 296,135 | 33.1 | 8.3 | 53.8 | 82.8 |
| 2009 | 259,480 | 28.7 | 39.6 | 55.3 | 87.3 |

(1) THE DIGITAL TELEVISION SERVICE WAS LAUNCHED IN THE THIRD QUARTER OF 2008.

(2) CALCULATED ON THE BASIS OF THE CABLE SYSTEMS WHERE THE SERVICE IS OFFERED.

(3) CUSTOMERS SUBSCRIBING TO HSI SERVICE WITHOUT THE BASIC CABLE SERVICE TOTALLED 7,554 AS AT AUGUST 31, 2009, 8,176 AS AT AUGUST 31, 2008 AND 8,119 AS AT AUGUST 31, 2007.

(4) CUSTOMERS SUBSCRIBING TO TELEPHONY SERVICE WITHOUT THE BASIC CABLE SERVICE TOTALLED 8,160 AS AT AUGUST 31, 2009, 10,201 AS AT AUGUST 31, 2008 AND 8,370 AS AT AUGUST 31, 2007.

4.2. SERVICES

4.2.1. BROADCASTING DISTRIBUTION SERVICES

Cabovisão's broadcasting distribution services are offered in mainland Portugal, on a subscription basis, in analogue form and in digital form for certain services.

ANALOGUE TELEVISION SERVICE

Basic Cable service

Analogue Television service customers receive a Basic Cable service generally consisting of 44 television channels or a Mini-Basic Cable service with 38 television channels. The Basic and Mini-Basic Cable services include more than 28 thematic channels in the Portuguese language (subtitled or dubbed) and several additional thematic channels in the English, French and Spanish languages. The 6 different channels included in the Basic

Cable service which are not in the Mini-Basic Cable service, are: *Hollywood, History, Biography, Odisseia, Panda and Discovery*.

Pay television services

Basic Cable service customers can also access a large selection of pay television services such as the 4 channels of *Lusomundo* movies (*TVCine 1, TVCine 2, TVCine 3* and *TVC*), 4 Sport channels (*SportTV 1, SportTV 2, SportTV 3* and *SportTV HD*), *Disney channel* and some adult channels. These pay television channels are supplied through a digital set-top box.

DIGITAL TELEVISION SERVICE

Digital Television service customers receive a basic service consisting of 53 television channels or an extended basic service with 84 channels. Digital Television service customers who rent HD-capable set-top boxes can access 4 HD channels.

Cabovisão intends to eventually launch VOD on its digital platform and thus be able to compete with the other VOD service offerings available in the Portuguese market.

4.2.2. TELECOMMUNICATION SERVICES

HSI SERVICE

Residential

Cabovisão offers to its residential customers HSI service with different transfer speeds and service attributes, as follows:

- 3 Mbps HSI service, which operates at up to 3 Mbps downstream and up to 256 Kbps upstream and includes 10 GB traffic per month.
- 10 Mbps HSI service, which operates at up to 10 Mbps downstream and up to 512 Kbps upstream without bit cap.
- 30 Mbps HSI service, which operates at up to 30 Mbps downstream and up to 1024 Kbps upstream without bit cap.
- 60 Mbps HSI service, which operates at up to 60 Mbps downstream and up to 3 Mbps upstream without bit cap. This tier is available only in some systems and will be gradually deployed in other systems of Cabovisão.
- 120 Mbps HSI service, which operates at up to 120 Mbps downstream and up to 6 Mbps upstream without bit cap. This tier is available only in some systems and will be gradually deployed in other systems of Cabovisão.

Business

Cabovisão also offers to its commercial customers HSI service with different transfer speeds and service attributes, as follows:

- The NetPME Flash 3 Mbps, which operates at up to 30 Mbps downstream and up to 1 Mbps upstream without bit cap.
- The NetPME Plus 10, which operates at up to 30 Mbps- downstream and 2 Mbps upstream, with unlimited traffic per month.
- The NetPME Plus 60 Mbps, which operates at up to 60 Mbps downstream and up to 3 Mbps upstream, without bit cap. This tier is available only in some systems and will be gradually deployed in other systems of Cabovisão.
- The NetPME Plus 120, which operates at up to 120 Mbps downstream and up to 6 Mbps upstream, without bit cap. This tier is available only in some systems and will be gradually deployed in other systems of Cabovisão;
- The NetCorporate – Leased lines in cable or fibre (point to point). In fibre, this service provides symmetric service allowing speeds from 1 Mbps to 1 Gbps, with unlimited traffic 24 hours per day.
- The VPN 1 Mbps & 2 Mbps point-to-point data service for commercial shops networks.

Additional IP address or pool IP addresses and register domain service are also offered to HSI service business customers.

TELEPHONY SERVICE

Residential

Cabovisão's Telephony service uses a mix of proprietary technologies and IP to transport voice signals over the same Cabovisão private network that brings Cable Television and HSI services into the home. Customers are able to keep their existing phone number and their existing phones in their current locations.

As at August 31, 2009, Cabovisão's residential Telephony service was available as a stand alone or within double and triple-play bundle packages (named *Duplo* and *Triplo*). The customer who subscribes to *Duplo* or *Triplo* may choose, for its Telephony Service, between having a flat fee for national fixed line calls, a 200 minutes package for national fixed line calls, a credit on calls subscription, or a pay-as-you-use telephone service without monthly fee.

Five optional fixed Telephony plans are available to customers for an additional monthly fee, as follows:

- 60 free minutes per month for fixed international calls to France, Spain, UK, Germany, Luxembourg and Switzerland.
- 30 free minutes per month for mobile national calls.
- 30 free minutes per month for fixed international calls to the United-States, Canada, Brazil and Venezuela.
- 30 free minutes per month for fixed international calls to Eastern European countries, such as Ukraine, Russia, Moldavia and Romania.
- 30 free minutes per month for fixed international calls to African countries with important immigration to Portugal, such as Angola, Mozambique, Cape Verde and South Africa.

Business

For the business market, Cabovisão offers several types of Telephony access lines with different rating plans, each with minimum monthly usage. Cabovisão also offers a special on-net rating plan for commercial customers with a network of shops and offices within Cabovisão's footprint.

Business Telephony plans that are offered to small office home office ("SOHO"), small and medium enterprise ("SME") and large companies include:

- Iphone 15 Plus to Iphone 1000 Plus (business telephone rate until 1,000€ minimum spending/month).
- Iphone Corporate Plus (tailor made – business telephone rate with no minimum spending for large companies).
- Iphone GFU – Special rate for internal telephone calls.
- Voice product T30.
- Voice product Flex Empresas.

4.3. CABLE NETWORKS

Cabovisão provides its cable services through state-of-the-art 750 MHz broadband distribution networks. Cabovisão fully owns its distribution networks, head-ends and drops. HSI service using fully certified DOCSIS technology 1.0 is offered to 100% of homes passed and served by a two-way cable plant. DOCSIS 3.0 has been deployed in all major centres and expansion to all homes continues in fiscal 2010. Telephony service is also offered to 100% of homes passed, initially through the use of proprietary network interface units ("NIU"), and since 2004, with standard based electronic multimedia terminal adapters ("e-MTA"). Cabovisão currently uses class-5 circuit switches and class-5 advanced softswitches. Cabovisão's intercity fibre optic network extends over 3,414 kilometres and includes approximately 232,000 kilometres of optical fibre. Cabovisão has deployed optical fibre to nodes serving clusters of typically 1,200 homes passed, with many fibres per node in most cases, which allows Cabovisão to further extend the fibre plant to smaller clusters of 500 homes rapidly with relative ease if and when necessary. Node splitting leads to further improvement in the quality and reliability of the network and services and allows for increasing traffic of two-way services, such as HSI and Telephony.

In Portugal and in most of Europe, PAL B and PAL G (Phase Alternated Line) television standards are used and each analogue channel requires 7 MHz (PAL B is used up to 300 MHz) and 8 MHz (PAL G is used above

300 MHz) of bandwidth compared to 6 MHz in North America, which uses the National Television System Committee ("NTSC") standards. An infrastructure with 750 MHz capacity in Portugal allows for the transmission of up to 83 analogue channels. For reference purposes, each analogue channel (representing 7 or 8 MHz of bandwidth), with the current compression, multiplexing and modulation technologies used by Cabovisão, allows for the transmission of up to 13 standard definition Digital Television signals, or of up to 6 HD signals.

4.4. LICENCES AND CONTRACTS

Cabovisão holds several licenses for its activities as Cable Television distributor, ISP and Telephony operator. Historically, the fixed assets owned by Cabovisão for the service of network cable television distribution authorized by the Portuguese telecommunications regulator, *Autoridade Nacional de Comunicações* ("ANACOM"), were limited to its license period, so that in the case of non-renewal of its licence, many of the assets would have reverted or been transferred to public authorities, other public service telecommunications operators or other entities, without compensation. However, a broad reform of national legislation respecting electronic communications occurred in 2004 and under this new national legislation, ANACOM has implemented a general authorization regime which no longer involves the issuance of licences for wireline telecommunications activities. The new law established a streamlined general authorization framework under which companies interested in deploying electronic networks and communication services need only to provide to ANACOM a concise description of the network or service intended to be provided and the expected initial launching date. There are nevertheless some licensing and regulatory requirements respecting the allocation of right to use over-the-air frequencies and telephone numbers.

Under this framework, Cabovisão obtained licenses from ANACOM for offering of Cable Television service in 233 municipalities in Portugal, as well as a license to operate public telecommunications networks and fixed Telephony services. The new law does not establish expiry terms for the exercise of these activities, neither does it provide for asset reversions, as could have happened in the previous legal regime described above. Cabovisão is also licensed by ANACOM to provide Internet services.

In Portugal, undertakings providing publicly available electronic communications networks and services are assured the right to use the public domain, in conditions of equality, for the construction, crossing or passing over necessary for the installation of systems, equipment and further resources. All authorities with jurisdiction over the public domain are required to set out and publish transparent, swift and non-discriminatory procedures governing the exercise of the right to use the public domain as ensured under the Law n°. 5/2004.

The construction and operation of cable systems requires that specified procedures be followed as well as 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 administration of infrastructures installed in the public domain in Portugal for the storage of electronic communications networks is governed under decree by the principle of healthy competition, ensuring free access, under equal conditions, in a transparent and non-discriminatory manner, to all interested operators.

Considering this framework, the use by Cabovisão of support structures owned by *Energias de Portugal* ("EDP"), the Portugal electricity provider, is governed by a private agreement with EDP.

The use by cable companies of support structures owned by telecommunications carriers, such as Portugal Telecom, SGPS, S.A. ("PT"), is subject to ANACOM approved tariffs.

The distribution of certain audio and video programming services, such as pay television, 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 offering of new digital audio and video services by Cabovisão requires the conclusion of suitable arrangements with program suppliers. The negotiation of these arrangements is under way, but is not completed as yet.

The offering of HSI service requires the execution of several IP transit contracts with some of the major world providers, which are renewed annually by direct negotiation.

For its Telephony service, Cabovisão has several interconnection agreements with telephony operators and other providers of public available communications networks and services in Portugal. All the operators have the right and the obligation to negotiate interconnection with each other, in order to ensure the provision and interoperability of services.

Under ANACOM rules, no operator having significant market power can deny interconnection to another licensed operator for call termination.

4.5. RENEWAL OF CONTRACTS

Cabovisão regularly negotiates renewals of programming affiliation agreements. Where the programme content is recognized by the Portuguese Competition Authority (“AdC”) as being of public interest, and especially where the supplier has significant market power, the continuity of supply is safeguarded by AdC.

4.6. EMPLOYEES

As at August 31, 2009, the number of full-time equivalent employees of Cabovisão was 352. There are no collective agreements in Cabovisão and, therefore, all employees are governed by the Portuguese Labour Code.

4.7. COMPETITIVE CONDITIONS

Cabovisão faces competition for all its lines of business mainly from incumbent telecommunications carriers PT, Zon Multimedia, SGPS, S.A. (“Zon”), Sonaecom, SGPS, S.A. (“Sonaecom”), a subsidiary of diversified Portuguese conglomerate Sonae, SGPS, S.A. (“Sonae”) as well as from Vodaphone and AR Telecom.

Zon owns TV Cabo, the largest cable telecommunications operator in Portugal, and also offers a direct-to-home satellite distribution service to the Portuguese market. Zon’s cable plant overlaps the major part of Cabovisão’s footprint in Portugal. Zon also owns extensive program content interests in several pay television channels distributed by Cabovisão.

PT’s national telephone network, PT Comunicações, which offers a full range of fixed and mobile telecommunications services throughout Portugal, is aggressively pursuing the rollout of Meo, its competitive IPTV service over its wireline plant, and is offering its own direct-to-home satellite service. In addition, PT has launched in Portugal a new digital terrestrial television service available directly over-the-air.

Sonaecom owns and operates the Clix (residential fixed telephony, HSI and IPTV), Novis (business telephony solutions) and Optimus (wireless telephony and wireless HSI) services, which provide voice, data, HSI, video and mobile services to the residential and business markets.

Vodafone recently launched its own video distribution service for bundling with its mobile telephone and Internet services.

PT, Zon and Vodafone each have a significantly larger overall customer base, and both Zon and PT have a larger video customer base, than Cabovisão. Zon, PT, Sonaecom Vodafone and AR Telecom all have competitive triple-play offers available in the Portuguese market. While Cabovisão and Zon continue to carry a number of legacy video services on less bandwidth-efficient analogue channels, the competitive television service offerings of the other competitors in the Portuguese markets are all Digital.

Several competitors in the Portuguese market have announced that they are deploying fiber facilities to the premises of customers.

The level of piracy of video television signals and the actual penetration of illicit reception of video television distribution services in households within the Cabovisão’s service areas may also have a significant adverse effect on Cabovisão’s business and the competitiveness of its service offerings.

4.8. RECENT REGULATORY DEVELOPMENTS

Cabovisão has prevailed in its complaint to AdC against the anticompetitive practices of PT concerning access to support structures and ducts of the incumbent telephone company. AdC has imposed a fine of €38 million to PT, but the AdC decision has since been challenged in court and the matter is still pending. More recently, following complaints by other parties, AdC imposed a further record-breaking €45 million fine to PT as well as an €8 million fine to its former subsidiary Zon for abuse of dominance and margin squeezing of competitors in the broadband Internet access market in Portugal. PT and Zon have both decided to challenge this AdC decision in court. Cabovisão has filed with AdC complaints against Zon that raise further issues of abuse of dominant position by that incumbent cable, satellite and content service provider. In the absence of any significant remaining ex ante regulation of Portuguese incumbents by ANACOM, the effective enforcement of the decisions issued by AdC is essential to discipline the dominant Portuguese incumbents. Of further concern is the fact that the dominant Portuguese incumbents have access to funding from the European Investment Bank for debt-financing on favourable terms with the backing of the Portuguese government, with the stated objective of helping these dominant Portuguese incumbents to further deploy fiber optic next generation networks (“NGN”) in Portugal.

4.9. TRADEMARKS

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

4.10. CYCLES

Cabovisão results are subject to some seasonal fluctuations, such as holiday periods, sports events (mainly soccer championships and cups) or special periods such as Christmas and back to school. The back to school period (September & October) and the Christmas period (November to December) are, however, generally positive for customer addition and upsell, mostly for HSI. The addition of Cable Television and HSI service customers is generally slower from June to August due to the summer vacations period, mostly in university cities, such as Aveiro, Covilhã, Evora, Guarda and Coimbra. During that same period, the loss of pay television customers increases following the end of the national soccer championship. March and April results are slightly negatively affected by Easter, Freedom Day and Labour Day holidays, when families go on short-vacations.

4.11. TAX LOSS CARRY FORWARDS

Under applicable tax legislation in Portugal, tax losses can be carried forward to offset against taxable profits during a period of six years unless the following conditions apply: on the date of termination of the taxation period in which the deduction is used there have occurred changes in Cabovisão's social purpose during the fiscal year in which tax losses are deducted, there are substantial changes to the business activity of Cabovisão or there is a change of ownership of at least 50% in the shares of Cabovisão or a change in the majority of the voting rights. As at August 31, 2009, the available tax losses totalled approximately €27.9 million (\$43.8 million), subject to possible correction by the Portuguese tax authorities. While there was a change in ownership of 100% of the shares of Cabovisão in August 2006, there was, in advance of such change, a request made to the Portuguese tax authorities to permit the tax losses to continue to be available notwithstanding changes in the ownership of the shares. The Portuguese tax authorities have reviewed Cabovisão's tax returns for the 2003, 2004 and 2005 taxation years, which have resulted in notices of assessment to reduce tax losses by €7.3 million for the 2003 taxation year, by €29.6 million for the 2004 taxation year and by €17.1 million for the 2005 taxation year. Pending the conclusion of these reviews, Cabovisão has not obtained approval to its request for preservation of tax losses from the tax authorities. Until such a response is received, Cabovisão may only use tax losses generated since the beginning of the 2006 taxation year, all of which have been used at August 31, 2009. However, Cabovisão does not agree with the assessments and has initiated legal proceedings against the Portuguese tax authorities.

5. REORGANIZATIONS

On September 1, 2009, the Corporation completed an internal corporate reorganization of certain of its subsidiaries (the "Reorganization") pursuant to which i) substantially all of the activities of Cogeco Cable Québec Inc. were gradually transferred to CCQ GP (a newly formed general partnership); ii) substantially all of the activities of Cogeco Cable Canada Inc. were gradually transferred to CCC LP (a newly formed limited partnership); and iii) substantially all of the activities of CDS were gradually transferred to CDS LP (a newly formed limited partnership).

6. 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 18 to 22 of the Corporation's Annual Report for the year ended August 31, 2009 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.

7. DIVIDENDS

The Corporation declared a quarterly dividend of \$0.04 per Multiple and Subordinate Share (as defined below in heading 8 titled "Capital Structure") during the first quarter of fiscal 2007 to the holders of Multiple and Subordinate Shares. In light of continued improvement of the Corporation's financial results, the quarterly dividend was increased to \$0.06 per Multiple and Subordinate Share in the second and third quarters and subsequently increased to \$0.08 per Multiple and Subordinate Share in the fourth quarter of fiscal 2007. During fiscal 2008, the quarterly dividend was increased to \$0.10 per Multiple and Subordinate Share and to \$0.12 per Multiple and Subordinate Share during fiscal 2009. 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, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, their amount and timing may vary.

8. 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 August 31, 2009, 15,691,100 Multiple Shares and 32,867,426 Subordinate Shares were issued and outstanding. No Class A shares or Class B shares are 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:

8.1. GENERAL DESCRIPTION OF CAPITAL STRUCTURE

8.1.1. 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.

8.1.2. 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.

8.1.3. 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.

8.2. 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 issued 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.

8.3. CREDIT RATINGS

On October 1, 2008 and on October 2, 2009, Fitch Ratings ("Fitch") confirmed their rating on the Senior Secured Debentures and Notes to BBB-, one notch above the corporate credit ratings of BB+. Obligations rated in the "BBB" category are regarded as of good credit quality, where the capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

On June 5, 2009, following the announcement of the public debt offering of \$300 million 5.95% senior secured debentures series 1 due June 9, 2014, Standard & Poor's Ratings Services ("S&P") maintained their rating on the Senior Secured Debentures and Notes of the Corporation to BBB-, two notches above the corporate credit ratings of BB to reflect the substantial recovery prospects of first lien secured issues. Obligations rated in the "BBB" category are in the fourth highest category and are regarded as investment-grade. Such obligations show adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. 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 very high recovery (90%-100%) of principal in the event of payment default.

On August 22, 2008 and on September 22, 2009, Dominion Bond Rating Service ("DBRS") confirmed their rating on the Senior Secured Debentures and Notes to BBB (low). Obligations rated in the "BBB" category are in the fourth highest category and are regarded as of adequate credit quality, where the degree of protection afforded interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

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 AUGUST 31, 2009 | DBRS | FITCH | S&P ⁽¹⁾ |
|-------------------------------------|-----------|-------|--------------------|
| SENIOR SECURED NOTES AND DEBENTURES | BBB (LOW) | BBB- | BBB- |

(1) STANDARD & POOR'S REVISED COGECO CABLE'S OUTLOOK TO "STABLE" FROM "POSITIVE" ON APRIL 9, 2009.

9. MARKET FOR SECURITIES

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

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 2008 | 44.50 | 37.36 | 1,152,872 |
| OCTOBER 2008 | 40.01 | 30.25 | 2,139,481 |
| NOVEMBER 2008 | 33.43 | 26.08 | 1,424,324 |
| DECEMBER 2008 | 35.45 | 27.83 | 1,770,426 |
| JANUARY 2009 | 36.50 | 31.00 | 1,575,596 |
| FEBRUARY 2009 | 35.99 | 30.21 | 773,765 |
| MARCH 2009 | 33.09 | 30.26 | 1,435,590 |
| APRIL 2009 | 33.86 | 27.99 | 2,465,661 |
| MAY 2009 | 29.86 | 26.80 | 3,250,393 |
| JUNE 2009 | 30.24 | 26.89 | 3,266,911 |
| JULY 2009 | 29.08 | 27.26 | 2,230,367 |
| AUGUST 2009 | 29.06 | 26.48 | 2,248,137 |

10. DIRECTORS AND EXECUTIVE OFFICERS

10.1. DIRECTORS

The table below lists Cogeco Cable's directors, their municipality of residence and their current principal occupation on September 1, 2009. 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 |
|--|----------------|--|
| LOUIS AUDET, ENG., MBA ⁽¹⁾ WESTMOUNT (QUÉBEC) | 1992 | PRESIDENT AND CHIEF EXECUTIVE OFFICER OF COGECO CABLE AND OF COGECO |
| JACQUELINE L. BOUTET, C.M., M.M. ⁽²⁾ , ICD-D 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) |
| L.G. SERGE GADBOIS, FCA., MBA BOUCHERVILLE (QUÉBEC) | 2006 | CORPORATE DIRECTOR |
| CLAUDE A. GARCIA, B.A., B.COM. MONTRÉAL (QUÉBEC) | 2004 | CORPORATE DIRECTOR |

| NAME AND MUNICIPALITY OF RESIDENCE | DIRECTOR SINCE | CURRENT PRINCIPAL OCCUPATION |
|---|----------------|--|
| GERMAINE GIBARA, MA, CFA MONTRÉAL (QUÉBEC) | 2003 | PRESIDENT, AVVIO MANAGEMENT INC. (MANAGEMENT CONSULTING FIRM) |
| JOSÉE GOULET, ENG., MBA MONTRÉAL (QUÉBEC) | 2006 | PRESIDENT, J. GOULET CONSULTANT |
| HARRY A. KING, B.A., C.A. VANCOUVER (BRITISH COLUMBIA) | 1993 | PRESIDENT, HARKING INVESTMENTS LTD. (HOLDING COMPANY) |
| DAVID MCAUSLAND, B.C.L., LL.B. BEAUCONSFIELD (QUÉBEC) | 1999 | PARTNER, MCCARTHY TÉTRAULT (LAW FIRM) |
| JAN PEETERS MONTRÉAL (QUÉBEC) | 1998 | BOARD CHAIR OF COGECO CABLE AND OF COGECO, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND BOARD CHAIR, OLAMETER INC. (TELEMETRY) |

- (1) MR. COOPER IS A FORMER DIRECTOR OF STELCO INC. WHICH FILED FOR PROTECTION UNDER THE COMPANIES CREDITOR ARRANGEMENT ACT ("CCAA") ON JANUARY 29, 2004 AND EMERGED FROM SUCH PROCEEDINGS IN MARCH 2006. HE IS ALSO A FORMER DIRECTOR OF LAIDLAW INC. WHICH FILED FOR PROTECTION UNDER CCAA AND CHAPTER 11, IN JUNE 2001, AND EMERGED FROM SUCH PROCEEDINGS IN JUNE 2003. MR. AUDET IS A FORMER DIRECTOR OF TQS INC. WHICH FILED FOR PROTECTION UNDER THE CCAA ON DECEMBER 18, 2007.
- (2) M.M.: MASTERS DEGREE FROM IMPM (INTERNATIONAL MASTERS PROGRAM IN PRACTICING MANAGEMENT) OF MCGILL UNIVERSITY. MRS. BOUTET ALSO HOLDS A DIPLOMA FROM CIREM (CENTRE INTERNATIONAL DE RECHERCHE EN MANAGEMENT)

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 as follows:

- Mr. L. G. Serge Gadbois held several positions with Metro Inc. from 1984 until his retirement in February 2006, including Senior Vice President, Finance from 1985 to 2002 and Senior Vice President, Finance and Treasurer from 2002 to 2006.
- Mr. Claude A. Garcia was, from June 1993 to December 2004, President, Canadian Operations of The Standard Life Assurance Company.
- Mrs. Josée Goulet was, until April 2007, President & CEO of the Juvenile Diabetes Research Foundation of Canada. Before occupying this position, Mrs. Goulet spent 20 years in various positions at BCE and Bell Canada; her last functions were as Chief Marketing Services, President of Bell Actimedia inc. (Yellow Pages Group) and President of Bell Quebec.
- Mr. David McAusland was a corporate director from 2008 to June 2009. Prior to that, he was, from 1999 to January 2008, Executive Vice-President, Corporate Development and Chief Legal Officer of Alcan Inc.

COMMITTEES OF THE BOARD

The Board has established four standing Committees to facilitate the carrying out of its duties and responsibilities and meet applicable statutory and policy requirements. The Committees are currently comprised of the following directors:

| AUDIT COMMITTEE | HUMAN RESOURCES COMMITTEE | CORPORATE GOVERNANCE COMMITTEE | STRATEGIC OPPORTUNITIES COMMITTEE |
|-----------------------------------|---------------------------------|--------------------------------|-----------------------------------|
| WILLIAM PRESS COOPER | WILLIAM PRESS COOPER | JOSÉE GOULET | LOUIS AUDET |
| L.G. SERGE GADBOIS ⁽¹⁾ | CLAUDE A. GARCIA ⁽¹⁾ | HARRY A. KING | CLAUDE A. GARCIA |
| HARRY A. KING | GERMAINE GIBARA | DAVID MCAUSLAND ⁽¹⁾ | GERMAINE GIBARA |
| JAN PEETERS | JOSÉE GOULET | JAN PEETERS | DAVID MCAUSLAND |
| | JAN PEETERS | | JAN PEETERS ⁽¹⁾ |

- (1) COMMITTEE CHAIR

10.2. 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 September 1, 2009:

| NAME | MUNICIPALITY OF RESIDENCE | POSITION OCCUPIED |
|-------------------|---------------------------|---|
| LOUIS AUDET | WESTMOUNT, QUÉBEC | PRESIDENT AND CHIEF EXECUTIVE OFFICER |
| J. FRANÇOIS AUDET | LAVAL, QUÉBEC | VICE PRESIDENT, TELECOMMUNICATIONS |
| FRANÇOIS BEAULIEU | LA PRAIRIE, QUÉBEC | VICE PRESIDENT AND CHIEF INFORMATION OFFICER |
| DENIS BÉLANGER | MONTRÉAL, QUÉBEC | VICE PRESIDENT, SPECIAL ADVISOR, TECHNOLOGY DEVELOPMENT |
| TONY P. CICIRETTO | VAUGHAN, ONTARIO | SENIOR VICE PRESIDENT, ENTERPRISE SERVICES AND PRESIDENT COGECO DATA SERVICES |
| PIERRE GAGNÉ | BEACONSFIELD, QUÉBEC | SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER |
| JACQUES GRAVEL | TERREBONNE, QUÉBEC | VICE PRESIDENT, NETWORK SERVICES |
| JULES GRENIER | LISBON (PORTUGAL) | VICE PRESIDENT, PORTUGAL |
| RENÉ GUIMOND | MONTRÉAL, QUÉBEC | VICE PRESIDENT, DEVELOPMENT, NEW MEDIA |
| CHRISTIAN JOLIVET | MONTRÉAL, QUÉBEC | CHIEF LEGAL OFFICER AND SECRETARY |
| CHRIS MACFARLANE | MISSISSAUGA, ONTARIO | VICE PRESIDENT, CORPORATE ENGINEERING |
| YVES MAYRAND | MONTRÉAL, QUÉBEC | VICE PRESIDENT, CORPORATE AFFAIRS |
| RON A. PERROTTA | WESTMOUNT, QUÉBEC | VICE PRESIDENT, MARKETING AND STRATEGIC PLANNING |
| LOUISE ST-PIERRE | BEACONSFIELD, QUÉBEC | SENIOR VICE PRESIDENT, RESIDENTIAL SERVICES |
| ALEX TESSIER | OUTREMONT, QUÉBEC | TREASURER |

PAST OCCUPATION

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

- J. François Audet has been, since October 21, 2005, Vice President, Telecommunications. He held several positions with the Corporation since he joined the Corporation in November 1995 including Director, Telecommunications from 2001 to October 20, 2005.
- François Beaulieu has been, since September 1, 2007, Vice President and Chief Information Officer. Previously, he was senior Director, IT Planning and Architecture from May 10, 2004 to August 31, 2007.
- Denis Bélanger has been, since September 1, 2009, Vice President, Special Advisor, Technology Development. Prior to that, he was Vice President of Technology Development, from May 2008 to August 2009 and from 1996 to 2008, he was Vice President of Engineering and Development.
- Tony P. Ciciretto has been, since September 1, 2009, Senior Vice President, Enterprise Services and President of Cogeco Data Services. Prior to that, he was President of Cogeco Data Services from June 30, 2009 to August 31, 2009. Prior to joining Cogeco Cable, he was President of TVN Group, a private investment firm, he co-founded in 2008. From 2003 to 2007, he was Vice President at Rogers Business Solutions.
- Pierre Gagné has been, since September 1, 2009, Senior Vice President and Chief Financial Officer. Prior to that, he was Vice President Finance and Chief Financial Officer from December 11, 1996 to August 31, 2009.
- Jacques Gravel has been, since September 1, 2009, Vice President, Network Services. Prior to that, he was Vice President, Network Services and Québec Operations from September 1, 2007 until August 31, 2009. Previously, he was Vice President, Québec from August 3, 2006 to August 31, 2007 and Vice President, Technical Operations of Cogeco Cable Québec from November 26, 2001 to August 2, 2006.
- Jules Grenier has been, since August 3, 2006, Vice President, Portugal. Previously, he was Vice President, Québec from June 4, 2001 to August 2, 2006.
- René Guimond has been, since September 1, 2008, Vice President, Development, New Media. Previously, he was President and Chief Executive Officer of Cogeco Radio-Télévision Inc. ("CRTI") and TQS Inc. ("TQS"), from October 2005 to August 31, 2008. From February 2005 to December 2005, he was Executive Vice President and Chief Operating Officer of FINA's World Championships and from 2003 to 2005, he led his own consulting business.

- Chris MacFarlane has been Vice President, Corporate Engineering since May 2008. Previously, he was Vice President, Engineering for Ontario and assumed responsibility for all Engineering functions in Ontario, from 2005 to 2008. He was also Vice President, IP & Transport Services of Cable Ontario, from 2000 to 2008.
- Louise St-Pierre has been, since September 1, 2009, Senior Vice President, Residential Services. Prior to that, she was Vice President, Customer Services and Ontario Operations, from September 1, 2007 to August 31, 2009 and Vice President and Chief Information Officer Québec from June 1999 to August 31, 2007.
- Alex Tessier has been Treasurer of COGECO and Cogeco Cable since January 2007. Prior to joining COGECO and Cogeco Cable, he worked as Executive Director in the Credit Capital Markets Group of CIBC World Markets Inc.

As at August 31, 2009, the directors and executive officers of the Corporation named above, as a group, beneficially owned, directly or indirectly, controlled or directed 79,748 Subordinate Shares of the Corporation, representing 0.2% of the outstanding shares of such class.

11. 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.

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is Computershare Trust Company of Canada at its principal offices in Montréal and in Toronto.

13. MATERIAL CONTRACTS

On June 2, 2006, the Corporation entered into an agreement with Cable Satisfaction International Inc. ("CSII"), Catalyst Fund Limited Partnership I and Cabovisão, to purchase, for a total consideration of €461.8 million (\$667.5 million), all the shares of the second largest cable telecommunications company in Portugal, an indirect wholly-owned subsidiary of CSII. The price includes the purchase of senior debt and reimbursement of certain other Cabovisão liabilities. The acquisition was completed on August 1, 2006. The final purchase price was determined following completion of a post-closing working capital adjustment that occurred on March 9, 2007. According to the agreement, the final purchase price was reduced by an amount of €2.2 million (\$3.4 million). The acquisition was accounted for using the purchase method. The results of Cabovisão have been consolidated as of the acquisition date.

On June 13, 2008, Cogeco Cable entered into an agreement with Toronto Hydro Corporation for the purchase of all the shares of THTI, the telecommunications subsidiary of Toronto Hydro Corporation for a purchase price, subject to certain adjustments, of \$200 million. The acquisition was completed on July 31, 2008 at which time the name of the acquired subsidiary was changed to CDS (now CDS LP pursuant to the Reorganization described under the heading 5, "Reorganization"). See the description above under the heading 2.2, "History".

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Cogeco Cable is a subsidiary of COGECO, which holds 32.3% of the Corporation's equity shares, representing 82.7% of the votes attached to the Corporation's voting shares. As of September 1, 1992, Cogeco Cable executed a management agreement with COGECO under which the parent company agreed to provide certain executive, administrative, legal, regulatory, strategic and financial planning services and additional services to the Corporation, its subsidiaries and controlled entities (the "Management Agreement"). These services are provided by COGECO's officers, including the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President, Corporate Affairs and the Chief Legal Officer and Secretary. No direct remuneration is payable to such officers by the Corporation. The Corporation granted 29,711 stock options to its officers, who are also COGECO's officers, during the 2009 fiscal year, compared to 22,683 in the 2008 fiscal year. During fiscal 2009, the Corporation charged COGECO an amount of \$0.4 million with regards to the Corporation's options granted to COGECO's employees which is the same amount that was charged during fiscal 2008.

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 million per year, subject to annual increases based on the variation in the Consumer Price Index in Canada. Accordingly, for the

year ended August 31, 2009, the maximum amount of \$9 million was paid to COGECO, compared to \$8.7 million in 2008, which represents about 0.7% of the Corporation's total revenue for fiscal 2009 compared to 0.8% for fiscal 2008. 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 with respect to services provided to the Corporation under the Management Agreement. In fiscal 2010, the management fee will remain the same at \$9 million pursuant to the Management Agreement.

15. AUDIT COMMITTEE DISCLOSURE

15.1. 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") or International Financial Reporting Standards ("IFRS"), as applicable;
- (d) that there is an effective system of internal controls; and
- (e) that financial information in public disclosure documents has been reviewed and 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 or IFRS, as applicable, 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 breadth 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 or IFRS, as applicable;
- (b) in relation to the Supervisory Board of Cabovisão, financial statements of Cabovisão represented to him or her by an officer of Cabovisão or the Corporation or in a report of the Chartered Accountant appointed for Cabovisão to present fully the financial position of Cabovisão; and
- (c) 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 Senior Director, Internal Audit 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:
 - i) at all Audit Committee meetings a majority of the members shall constitute a quorum; and
 - ii) 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 Senior Vice President and Chief Financial Officer (“CFO”) of the Corporation, the Senior Director, Internal Audit 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 once a year, 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.
 - Review, at least once a year, the list of guarantees provided by the Corporation.

FINANCIAL CONTROLS AND DEVIATIONS

- Review annually the plans of the Senior Director, Internal Audit 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, annually with management of the Corporation, 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.
- Review and understand the processes that support the President and Chief Executive Officer ("President and CEO")'s and the CFO's certification and be satisfied that they constitute a reasonable approach and are diligently performed.
- Review all design weaknesses in internal control over Financial Reporting that could have a material impact on the financial reporting, understand the assessment of these weaknesses and the decision process supporting whether identified weaknesses should be disclosed or not in the MD&A and review the completeness and accuracy of the disclosures provided in the MD&A.
- Review, approve and monitor the remediation plan proposed by the President and CEO and the CFO.

ROLE AS SUPERVISORY BOARD OF CABOVISÃO

- Supervise the management of Cabovisão.
- Supervise the regularity of the books and accounting records of Cabovisão.
- Provide an annual report on the annual financial statements and management report.
- Prepare an annual report on its activities of supervision of Cabovisão.
- Participate in director and shareholder meetings of Cabovisão as appropriate to fulfill their responsibilities.

- Otherwise perform their responsibilities as required under Portuguese law.

COMPLIANCE WITH LAWS AND REGULATIONS

- Review regular reports from management, Senior Director, Internal Audit, 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 and conducting quarterly reviews and any other related work for the Corporation. The Committee will only recommend External Auditors who (a) participate in the oversight program of the Canadian Public Accountability Board ("CPAB") and (b) are in good standing with the CPAB.
- Recommend annually to the Board the compensation of the External Auditors.
- 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 quarterly review reports and 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 SENIOR DIRECTOR, INTERNAL AUDIT

- Review the appointment and replacement of the Senior Director, Internal Audit. Report such to the Board.
- Review the Senior Director, Internal Audit'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 Senior Director, Internal Audit 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 Senior Director, Internal Audit to ensure that an appropriate segregation of duties is maintained and that the Senior Director, Internal Audit has direct reporting and access to the Committee on matters affecting the Committee's duties.
- Encourage the Senior Director, Internal Audit 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 CFO 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.

15.2. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is currently formed with four directors, i.e. Messrs. L. G. Serge Gadbois, the Committee Chair, Harry A. King, William Press Cooper and Jan Peeters who satisfy the independence requirements as set within MI 52-110.

15.3. 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 well, he has served as a director on several corporate boards including Canadian Imperial Bank of Commerce, Clarica Life Insurance Company and CTV Inc. He is an Honorary Trustee of the Hospital for Sick Children, Toronto and is a Fellow of the Canadian Society of Civil Engineers.

L. G. Serge Gadbois—Mr. Gadbois is a corporate director. He held several positions at Metro Inc. from 1984 until his retirement in February 2006, including Senior Vice President, Finance and Treasurer from 2002 to 2006, Senior Vice President Finance from 1985 to 2002, and corporate controller from 1984 to 1985. Between 1976 and 1984, Mr. Gadbois worked at the *Conseil Scolaire de l'Île de Montréal* as corporate controller and director of financial services. Mr. Gadbois is a director of Industrial Alliance Insurance and Financial Services Inc., which is a reporting issuer, and serves as a member of its audit committee. He is trustee, director and Chairman of the Board of Directors and Trustees of Supremex Income Fund, which is a reporting issuer, and chairs its audit committee. He is a director of Mecachrome International Inc., which is a reporting issuer, and is chair of its audit committee as well as a member of its human resources committee. He also sits on the boards and committees of various humanitarian organizations and corporations. He is a fellow of the *Ordre des comptables agréés du Québec*.

Harry A. King—Mr. King is the President of Harking Investments Inc, a holding company. He 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 is a member of its Audit Committee.

Jan Peeters—Mr. Peeters has been Board Chair of the Corporation and COGECO since 2004. He is President and Chief Executive Officer and Board Chair of Olameter Inc., a telemetry company. He was President and Chief Executive Officer of fONOROLA from 1990 to 1998. Previously, he worked for thirteen years with SNC-Lavalin Group Inc. He is a director of Intersil Corporation (a U.S. listed issuer) and serves as chair of its audit committee. He also sits on the Board of Governors of McGill University.

15.4. 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.

15.5. 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 2009 and 2008:

CATEGORY OF FEES

| | 2009 | 2008 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| AUDIT FEES | 716,602 | 789,534 |
| AUDIT-RELATED FEES ⁽¹⁾ | 289,089 | 83,570 |
| TAX FEES ⁽¹⁾ | 901,102 | 338,047 |
| OTHER FEES ⁽¹⁾ | 65,878 | 66,764 |
| TOTAL | 1,972,671 | 1,277,915 |

(1) "AUDIT-RELATED FEES" INCLUDE FEES FOR FINANCIAL INFORMATION PRESENTATION AND CERTIFICATION, FEES RELATED TO 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 (INCLUDING FEES FOR CORPORATE REORGANIZATION IN 2009). "OTHER FEES" INCLUDE PRINCIPALLY TRANSLATION SERVICES.

16. 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 November 6, 2009. 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, 2009. This and other information relating to the Corporation is available on Internet at www.sedar.com or www.cogeco.ca.