



**PRESS RELEASE**  
**For immediate release**

## **COGECO presents its radio strategy to the CRTC: Local information, support for the radio industry and diversity**

**Montréal, September 28, 2010** – In connection with the acquisition of certain Corus Entertainment Inc. radio stations in Québec, COGECO (TSX: CGO) is presenting the broad lines of its radio strategy to the Canadian Radio-television and Telecommunications Commission (CRTC) at its hearings today and tomorrow in Montréal.

The strategy, which focuses on local content, will revitalize and ensure the sustainability of the financially troubled regional stations that are part of the transaction, allowing them to survive as a relevant information source in all areas of Québec. The strategy also aims to re-establish competitive balance in the French-language commercial radio industry in Québec. To achieve this, COGECO is requesting that CRTC grant an exception to the 1998 common ownership policy in Montréal to allow it to own three FM stations and one AM station serving the city's francophone market rather than two FM and two AM stations.

### **A justified request for exception**

The CRTC's common ownership policy stipulates that one group may own a maximum of two FM and two AM stations per language. However, the objective of the common ownership policy was to ensure that a group can operate two talk stations and two music stations per language.

If the transaction is accepted as is and the CRTC grants COGECO the exception, it will be upholding the policy's objective, with two talk stations (CKAC and 98.5 FM) and two music stations (Rythme FM and CKOI).

### **Information available across Québec**

COGECO's news projects are based on its intention to make use of the information activities of CHMP-FM (98.5 FM) to revitalize news in the Gatineau, Sherbrooke and Trois-Rivières regions. In addition to expanded impact for CHMP-FM is the creation of Cogeco News, a new cooperative agency to which all the stations of the COGECO Group as well as independent and community stations across Québec will be invited to contribute. They will then be able to select the most relevant news for their respective audiences free of charge and produce their own news bulletins locally. Setting up the agency will mean a net creation of jobs within the COGECO Group.

### **A clear competitive imbalance**

In COGECO's view, there is a deep-rooted competitive imbalance in the Québec radio landscape. Astral's control in the majority of Québec markets, a situation unparalleled anywhere else in Canada, significantly hinders the development of commercial radio stations by other groups across Québec, and inevitably limits the manoeuvrability of both local and provincial advertisers.

This imbalance is heightened by a phenomenon unique to the bilingual market in Montréal, where significant numbers of francophone listeners tune in to English-language pop music radio stations, with the majority drawn to the two stations owned by Astral.



The competitive imbalance considerably reduces the financial resources available to support French-language stations overall. The phenomenon is particularly evident in the regions, where most stations cannot secure the revenue they need not only to ensure their survival but to enable them to grow.

### **Numerous and important letters of support**

Many groups, associations, advertisers and individuals have come out in favour of COGECO's proposal. Almost 140 letters of support have been sent to the CRTC backing it. The letters of support acknowledge that the challenge that financing an acquisition of this size, integrating the acquired stations and revamping three talk radio stations in the regions represents can and must be met by a Québec group with the necessary qualifications, experience and human and financial resources.

This support comes from the Fédération des chambres de commerce du Québec, the Union des Artistes, the Fédération nationale des communications (CSN), the Fédération professionnelle des journalistes du Québec, the Board of Trade of Metropolitan Montreal, several municipal elected officials including Montréal Mayor Gérald Tremblay and Québec City Mayor Régis Labeaume, the Société professionnelle des auteurs et compositeurs du Québec and the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ), to name only a few.

### **A simple proposal with many advantages**

COGECO's proposal reflects a number of incontestable facts. Promoting the future of French-language commercial radio in Québec, it is a global solution, a forward-looking solution, and a sustainable solution that will infuse local radio with new vigour, revitalize news with value added and accessible information available across Québec and open the way to sufficient resources to adequately serve all areas of Québec.

Furthermore, COGECO is the only francophone business with the necessary experience to productively and sustainably operate the Corus radio stations and provide a quality alternative to the player that dominates not only the majority of the geographic markets affected by the transaction, but the entire radio landscape in Québec.

To recap, COGECO proposes to:

1. Create a new complementary, value added information source by establishing Cogeco News, offering content free of charge to cooperating independent and community stations across Québec.
2. Use a portion of the resources and expertise of the radio stations to be acquired in Montréal to support radio in the regions.
3. Give back to stations in the regions the ability to offer locally relevant, quality programming for broadcast at peak times.
4. Provide more balanced and sustainable competition for radio in Québec.
5. Pay an exceptional contribution of 9% of the total transaction value, or \$7.2 million, to various stakeholders in the Québec radio system.



## **ABOUT COGECO**

COGECO is a diversified communications company. Through its Cogeco Cable subsidiary, COGECO provides its residential customers with Audio, Analogue and Digital Television, as well as HSI and Telephony services using its two-way broadband cable networks. Cogeco Cable also provides, to its commercial customers, data networking, e-business applications, video conferencing, hosting services, Ethernet, private line, VoIP, HSI access, dark fibre, data storage, data security and co-location services and other advanced communication solutions. Through its Cogeco Diffusion subsidiary, COGECO owns and operates the RYTHME FM radio stations in Montréal, Québec City, Trois-Rivières and Sherbrooke, as well as the FM 93 radio station in Québec City. COGECO's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Cable are also listed on the Toronto Stock Exchange (TSX: CCA).

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