



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

**COGECO unveils its radio strategy –  
Local information, support for the radio industry and job creation**

**Montréal, August 3, 2010** – In connection with the acquisition of the Corus Entertainment Inc. radio stations in Québec by COGECO Inc. (TSX : CGO), COGECO unveiled a solid and well thought-out strategy that offers the strongest development prospects for the Québec French-language radio industry. This announcement comes after the Canadian Radio-television and Telecommunications Commission (CRTC) has announced it will hold public hearings in Montréal on September 28. The CRTC at the same time made public the application filed by COGECO requesting approval for the proposed transaction.

“COGECO has presented a plan that focuses on local content to ensure the recovery and sustainability of regional stations that face serious financial difficulties, and on restoring competitive balance in the French-language commercial radio industry in Québec,” stated Cogeco Diffusion Inc. Vice President Richard Lachance.

The strategy proposed by COGECO includes:

- The creation of a major news agency to be fed and accessed not only by all of the group’s own radio stations, but also by independent stations and community radio stations
- A request for an exception to the common ownership policy in the Montréal French-language radio market to allow it to own three FM stations and one AM station in the French language instead of two FM stations and two AM stations, and thus support the money losing regional stations that are being acquired
- The sale of two FM stations in Québec City and the conversion of one FM station in Sherbrooke into a retransmitter of another station in order to comply with the common ownership policy
- The allocation of a contribution of 9% of the total transaction value, namely \$ 7.2 million, to various organizations and initiatives to support the Canadian broadcasting system if the transaction is approved in its entirety.

**A news agency for relevant local information**

The news agency that COGECO proposes to set up will play a key role in enriching local information and will provide a complement to the other information sources available in Québec. All of the stations of the COGECO group as well as independent stations in the regions and community stations will be asked to contribute to the content available through the agency. In return, they will be able to select the most relevant news for their respective listening audiences and produce their own news bulletins locally.

Pooling resources through the news agency, which will be coordinated by FM 98.5, will create a full information source available 24/7 – because news happens nights and weekends, too.

Furthermore, sharing information resources will allow regional stations CHLN-FM Trois-Rivières, CHLT-FM Sherbrooke and CJRC-FM Gatineau, which will remain predominantly spoken-word radio

services but will now primarily target men between the ages of 25 and 54, to devote their resources to producing local shows. Most significantly, this means the return of local public affairs programming in the morning and at noon, as well as locally produced news bulletins.

Finally, a night-time show and a weekend morning public affairs show will be produced and offered to all stations of the group. Community stations and independent stations in the regions will also have the benefit of these new resources and information content.

“We want to put information radio in Québec back on top,” commented Mr. Lachance. “Since COGECO is a business that is close to its people, it is a natural fit for us to make local information and local interest content the heart of our strategy. The decision to include independent stations in the regions and community stations in the agency aligns with that, and we think this is great news for radio in Québec.”

### **A solid base in Montréal is vital for supporting regional radio**

To ensure success for its initiative, COGECO is requesting an exception under the CRTC’s common ownership policy, which limits to two the number of same-language FM stations one person can own in a single market. The proposed exception affects only FM 98.5 in Montréal’s French-language radio market and would allow COGECO to operate three French-language FM radio stations, each in its own niche. It would bring the number of commercial stations COGECO owns in Montréal to five, although the common ownership policy would allow in principle up to eight – four French-language stations and four English-language stations. There are currently 13 private commercial radio stations and some 30 radio stations of all types in Montréal.

“The distinctiveness of the bilingual Montréal market and the importance of keeping talk radio like FM 98.5 strong in order to ensure the sustainability of French-language spoken-word radio in Québec justify our request for an exception,” continued Cogeco Diffusion’s Vice President. “Without that exception, it will be next to impossible for COGECO to indefinitely support regional spoken-word radio stations that have been running heavy deficits for many years.”

The limited exception sought by COGECO would breathe new life into stations in the regions by providing them links to strong programming sources – to FM 98.5 primarily, for information and public affairs, and to CKAC-AM for sports and CKOI-FM for its expertise and music content. This would allow local stations in the regions to concentrate their resources on producing relevant, quality local programming, which is their core mission.

### **Tough decisions that cannot be avoided**

The application requests an exception to the CRTC’s common ownership policy specifically for the Montréal French-language radio market because of the unique characteristics of that market, where only one AM radio station – CKAC – remains, which is part of the transaction, and where a very high number of francophone listeners tune in to English-language music stations. That being said, COGECO had to make difficult choices and develop other proposals for the Québec City and Sherbrooke markets to comply with the CRTC’s common ownership policy.

In the Québec City market, COGECO has undertaken to sell two stations – Rythme FM Québec (CJEC-FM) and CFEL-FM. It made this choice based on the complementarity of the two other stations in its current and future portfolios, FM 93 (CJMF-FM) and CFOM-FM.

In the Sherbrooke market, COGECO proposes to convert CKOY-FM into a retransmitter for CKAC, thereby ceasing to sell advertising. The solution has the threefold advantage of ensuring that Sherbrooke receives a full radio service focusing on sports and sports information, which is a complementary service to the current market, of not overburdening the local advertising market where most stations, including CKOY-FM, have been unable to achieve profitability, and of complying with the CRTC’s common ownership policy.

"We are aiming to support jobs in the Québec French-language radio industry," maintains Richard Lachance. "If the CRTC approves our overall plan, for the first time in many years, there will be a net creation of jobs in the private French-language radio industry in Québec, particularly with the creation of the news agency.

### **An outstanding contribution to the broadcasting system**

COGECO is proposing an exceptional contribution of 9% of the total transaction value, an amount of \$7.2 million, to various organizations and initiatives to support the radio system, in particular for Musicaction, Fonds Radiostar, the Community Radio Fund of Canada, and for many others, if the transaction is approved in its entirety.

### **A win/win strategy for all stakeholders**

"Our plan is without a doubt the best opportunity to increase diversity of voices across Québec that the broadcasting system has seen in many years. We are confident that the CRTC will recognize its value and the immediate and long range benefits it will have for all elements of Québec society," concluded Mr. Lachance.

The stations involved in the transaction are: CFQR-FM 92.5, CHMP-FM 98.5, CKOI-FM 96.9 and CKAC-AM 730 in Montréal; CFOM-FM 102.9 and CFEL-FM 102.1 in Québec City; CJRC-FM 104.7 in Gatineau; CHLT-FM 107.7 and CKOY-FM 104.5 in Sherbrooke; CHLN-FM 106.9 in Trois-Rivières; and CIME-FM 103.9 in St-Jérôme.

The CRTC hearing will take place on September 28, 2010, and the decision should be made public some time in November 2010. The transaction should be closed before the end of calendar year 2010.

The full application filed by COGECO before the CRTC for the acquisition of the Corus, radio stations in Québec is available in the Press Room of COGECO's web site at: <http://www.cogeco.ca/cable/corporate/cgo/releases/index.html>

### **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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