ANNUAL INFORMATION FORM

NOVEMBER 2, 2017

ANNUAL
INFORMATION
FORM

2017

5 PLACE VILLE MARIE
SUITE 1700
MONTRÉAL, QUÉBEC
H3B 0B3

COGECO

PROFILE

Cogeco Inc. is a diversified holding corporation which operates in the communications and media sectors. Through its Cogeco Communications Inc. subsidiary, Cogeco provides its residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc. operates in Canada under the Cogeco Connexion name in Québec and Ontario, and in the United States under the Atlantic Broadband name in western Pennsylvania, south Florida, Maryland / Delaware, South Carolina and eastern Connecticut.

Through Cogeco Peer 1, Cogeco Communications Inc. provides its business customers with a suite of information technology services (colocation, network connectivity, hosting, cloud and managed services), through its 16 data centres, extensive FastFiber Network® and more than 50 points of presence in North America and Europe.

Through its subsidiary Cogeco Media, Cogeco owns and operates 13 radio stations across most of Québec with complementary radio formats serving a wide range of audiences as well as Cogeco News, its radio news agency.

Cogeco Inc.'s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Communications Inc. are also listed on the Toronto Stock Exchange (TSX: CCA).

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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'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's financial guidelines, 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 believes are reasonable as of the current date. Refer in particular to the section of the Cogeco's Annual Report for the year ended August 31, 2017 which is available at www.sedar.com (Cogeco 2017 Annual Report) entitled "Corporate Objectives and Strategies" and "Fiscal 2018 Financial Guidelines" for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While Management considers these assumptions to be reasonable based on information currently available to Cogeco, 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 currently expects. These factors include risks such as competitive risks, business risks, regulatory risks, technology risks, financial risks, economic conditions, ownership risks, human-caused and natural threats to our network, infrastructure and systems and litigation risks, many of which are beyond the Corporation's control. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and Main Risks Factors" section of Cogeco 2017 Annual Report. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what Management currently foresees. The reader should not place undue importance on forward-looking information contained in this AIF and the forward-looking statements contained in this AIF represent Cogeco's expectations as of the date of this AIF (or as of the date they are otherwise stated to be made) and are subject to change after such date. While Management may elect to do so, Cogeco is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

In this AIF, the terms "Cogeco" and the "Corporation" refer collectively to Cogeco Inc. and its subsidiaries, unless the context otherwise requires or indicates.

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, 2017), 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 is an abbreviation of **Co**mpagnie **Gé**nérale de **Co**mmunications.

Cogeco was incorporated under Part I of the *Companies Act* (Québec) on July 24, 1957 and was continued under the authority of Part IA of the same Act by virtue of a certificate of continuance dated November 8, 1984. Certificates of amendment were issued to the Corporation on July 8, 1985, November 7, 1985, December 19, 1988, August 15, 1989, July 11, 1990 and February 15, 1993 to change the composition of its share capital. As a result of these changes, the share capital of the Corporation is comprised of subordinate voting shares (the "Subordinate Shares"), of multiple voting shares (the "Multiple Shares"), of class A preferred shares (the "Class A Shares") and of class B preferred shares (the "Class B Shares"), each of which classes of preferred shares may be issued in series.

The July 8, 1985 amendment created an unlimited number of preferred shares at a par value of $1 per share and provided for the convertibility of common shares into preferred shares on a share for share basis at the option of the holder of common shares before the close of business on August 31, 1985.

The November 7, 1985 amendment cancelled the preferred shares created on July 8, 1985 and created an unlimited number of Subordinate Shares, an unlimited number of Multiple Shares, an unlimited number of Class A Shares and an unlimited number of Class B Shares, all without par value, and provided for the conversion of all issued and outstanding common shares into Subordinate Shares and Multiple Shares.

The December 19, 1988 amendment created a first series of 800,000 convertible Class A Shares at an issue price of $25 per share.

The August 15, 1989 amendment created a first series of 7,500,000 convertible Class B Shares at an issue price of $9 per share.

The July 11, 1990 amendment created a second series of 29,374 convertible Class A Shares at an issue price of $25 per share.

The February 15, 1993 amendment provided for the mandatory redemption, by the Corporation, of all the outstanding Class B Shares, series 1.

On December 28, 1993, the Corporation redeemed all the outstanding Class A Shares.

On February 14, 2011, Cogeco, as were all other companies structured under Part IA of the existing *Companies Act* (Québec), was automatically continued under the new *Québec Business Corporations Act* which came into force on that same date and which replaced Parts I and IA of the *Companies Act* (Québec).

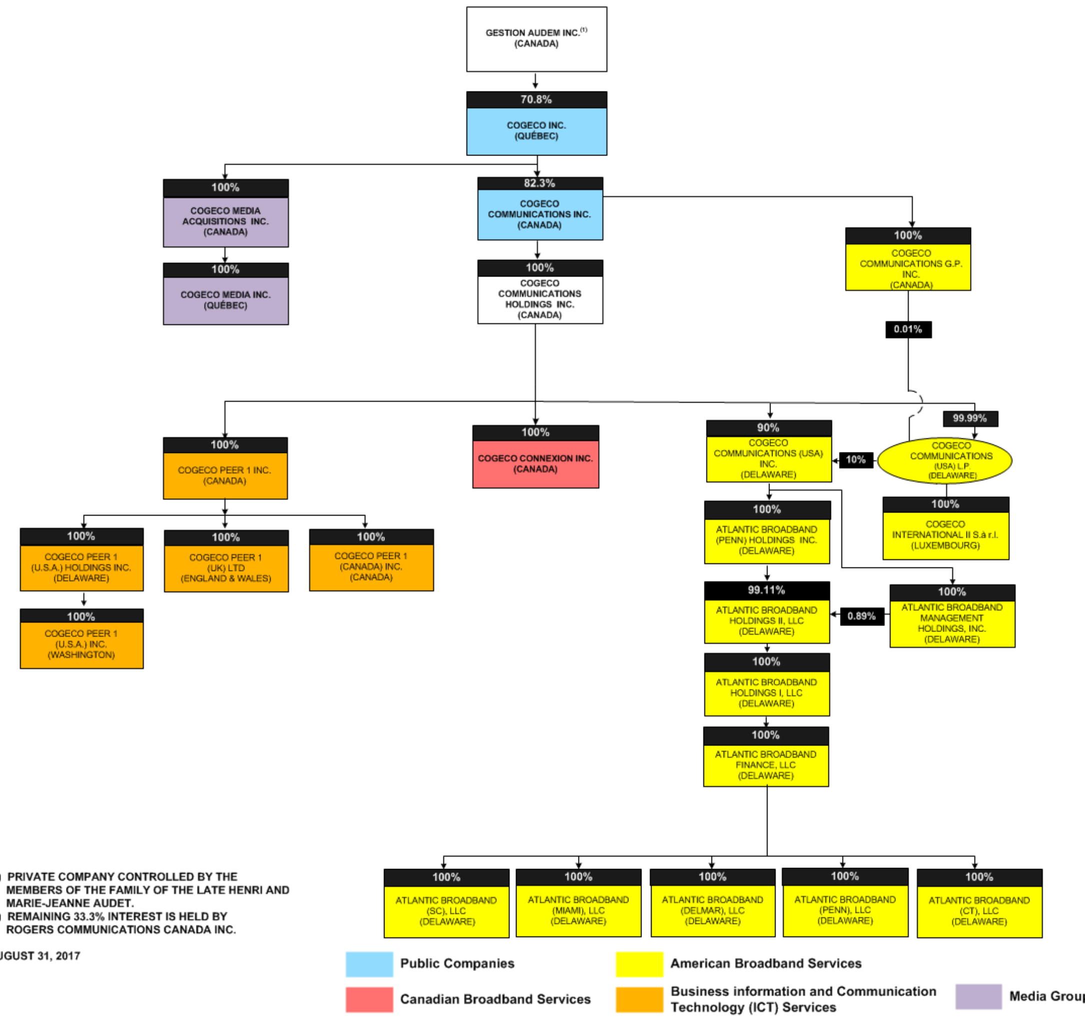
The head office of the Corporation is located at 5 Place Ville Marie, Suite 1700, Montréal, Québec, H3B 0B3.

Cogeco' subordinate voting shares are listed on the Toronto Stock Exchange ("TSX"), under the symbol CGO.

1.2. INTERCORPORATE RELATIONSHIPS

The following organization chart indicates the intercorporate relationships of the Corporation and its material subsidiary entities together with the jurisdiction of incorporation or constitution of each such entity as at August 31, 2017. Certain subsidiaries of the Corporation, each of which represented not more than 10% of the consolidated assets and not more than 10% of the consolidated revenue of the Corporation, and all of which, in the aggregate, represented not more than 20% of the total consolidated assets and the total consolidated revenue of the Corporation as at the date hereof, have been omitted.

Other than its shareholding interest in Cogeco Communications inc. ("Cogeco Communications"), the only other assets of Cogeco are its interest in the radio stations held by wholly-owned subsidiaries, Cogeco Media Inc. and Cogeco Media Acquisition Inc. Such radio interests constitute a non-material asset of Cogeco at this time and do not require separate disclosure.



(1) PRIVATE COMPANY CONTROLLED BY THE MEMBERS OF THE FAMILY OF THE LATE HENRI AND MARIE-JEANNE AUDET.
(2) REMAINING 33.3% INTEREST IS HELD BY ROGERS COMMUNICATIONS CANADA INC.

AUGUST 31, 2017

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1. THREE-YEAR HISTORY

On August 20, 2015, Cogeco Communications expanded its activities in the United States through its subsidiary Atlantic Broadband, which acquired MetroCast Communications of Connecticut, LLC (the “Connecticut System”), adding close to 70,000 home and business passings across nine communities in eastern Connecticut.

On January 5, 2016, the Corporation's subsidiary, Cogeco Media Inc., completed the sale of its subsidiary Métromédia CMR Plus Inc., an out-of-home advertising company specialized in the public transit sector, to Bell Média Inc., for a final cash consideration of $47.7 million.

2.2. SIGNIFICANT ACQUISITION

On July 10, 2017, Cogeco Communications through its subsidiary Atlantic Broadband, entered into an agreement with Harron Communications, L.P. to acquire substantially all of the assets of its cable systems operating under the MetroCast brand name (“MetroCast”) which serves about 120,000 Internet, 76,000 video and 37,000 telephony customers. This acquisition enhances Cogeco Communication's footprint in the American cable market and provides further growth potential. The transaction valued at US$1.4 billion includes the expected present value of future tax benefits of US$310 million and is subject to customary closing adjustments. This acquisition is expected to be financed through a combination of US$1.7 billion under a new Senior Secured Term Loan B, whereby US$585 million is expected to be used to refinance the existing First Lien Credit Facilities, and US$150 million under a new Senior Secured Revolving Credit facility combined with a US$315 million equity investment by Caisse de dépôt et placement du Québec in Atlantic Broadband’s holding company, representing 21% of Atlantic Broadband. The transaction is subject to usual closing conditions, regulatory approvals and other customary conditions. The Corporation expects the transaction to close in early January 2018. The Corporation filed a Material Change Report (Form 51-102F3) with respect to this acquisition on July 17, 2017.

3. DESCRIPTION OF THE BUSINESS

The Corporation is a diversified holding corporation with operations in the communications and media sectors. The Corporation has one reportable segment, the Communications segment which provides, through Cogeco Connexion and Atlantic Broadband, a wide range of Internet, video and telephony services in Canada and the United States, primarily to residential customers, as well as to small and medium sized businesses across its coverage area. Cogeco Communications also provides, through the facilities of Cogeco Peer 1 located primarily in Canada, the United States and Europe, colocation, network connectivity, hosting, cloud services and a rich portfolio of managed services to small, medium and large businesses around the world.

The Communications segment comprises Canadian broadband services (“Cogeco Connexion”), American broadband services (“Atlantic Broadband”) and Business ICT services (“Cogeco Peer 1”).

The activities of Cogeco Connexion are carried out in the Provinces of Ontario and Québec, Canada. The Cogeco Connexion assets are managed from the head office in Montréal.

The activities of Atlantic Broadband are carried out in the United States in western Pennsylvania, south Florida, Maryland/Delaware, South Carolina and eastern Connecticut. The Atlantic Broadband assets are managed from main offices located in the City of Quincy (neighbouring Boston), Massachusetts.

The primary activities of Cogeco Peer 1 are carried across Canada (British Columbia, Ontario and Québec), the United States (California, Virginia, Texas, Florida and Georgia) and Europe (London and Southampton, United Kingdom and France). Cogeco Peer 1 has more than 50 points of presence, including in Germany, the Netherlands and Mexico. Cogeco Peer 1 assets are managed from the head office located in the city of Toronto.

3.1. CANADIAN BROADBAND SERVICES

3.1.1. CUSTOMERS

The following table presents the total number of primary service units, Internet, video and telephony service customers and the penetration rate of each of these services as a percentage of homes passed as at August 31, 2017:

	AUGUST 31, 2017	% OF PENETRATION(1) AUGUST 31, 2017
PRIMARY SERVICE UNITS	1,916,861	N/A
INTERNET SERVICE CUSTOMERS	769,869	44.5
VIDEO SERVICE CUSTOMERS	720,636	41.6
TELEPHONY SERVICE CUSTOMERS	426,356	24.6

(1) AS A PERCENTAGE OF HOMES PASSED.

3.1.2. SERVICES

3.1.2.1. Residential Services

Cogeco Connexion offers a wide range of video, Internet and telephony services to its residential customers. Cogeco Connexion 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.

Video Services

Cogeco Connexion video customers have access to a basic service, various digital tier packages, discretionary services, pay-per-view ("PPV") channels, video on demand ("VOD") services, high definition television ("HD") and 4K television. Almost all Cogeco Connexion customers receive digital video services.

Basic Service: The channels included with the basic cable service must comply with the requirements of the Canadian Radio-television and Telecommunications Commission ("CRTC") and currently include a mix of Canadian conventional services, certain discretionary services, United States conventional services and an interactive program guide. As required by the CRTC, Cogeco Connexion has implemented new packaging requirements as of March 1, 2016 for mandatory, small entry-level basic service and packages of up to 10 programming services and, as of December 1, 2016, for discretionary and non-Canadian services on a stand-alone basis, which resulted in additional flexibility for customers. These regulatory changes are more fully described in section 3.1.8. "Regulatory Regime".

Digital Tier Packages: Digital video service customers can obtain additional programming services by subscribing to one of the various tier service packages, including pre-assembled packages as well as flexible packages offering customers the ability to build their own packages or à la carte channel selection. Customers must first subscribe to the basic cable service before they can subscribe to a discretionary service tier.

Discretionary Television Services: Digital video service customers have access to a selection of discretionary services such as *Super Écran*, *The Movie Network* (including *HBO Canada)* and the *Super Channel*.

PPV Channels: Digital video service customers have access to PPV channels which allow customers to pay to view a single showing of a recently released movie or a one-time special sporting event or music concert on a commercial-free basis.

VOD Services: Digital video service customers have access to free and subscription VOD services which allow them to choose from a library of hundreds of movies and other programming and to view them at any convenient time.

On-demand On-line Services: Digital video customers have access on their computers or mobile devices to a wide selection of on-line on-demand programming related to their channel subscriptions. A number of mobile applications such as Global Go and TMN Go are now available.

HD: Digital video customers who rent or purchase an HD-capable set-top box can also receive the HD version of various standard definition ("SD") channels they subscribe to. HD television channels are offered in most of Cogeco Connexion's markets and more of these channels are added on an ongoing basis. In Ontario, Digital video customers who rent or purchase HD-capable set-top boxes can typically access up to

196 HD television channels. In Québec, Digital video customers who rent or purchase HD-capable set-top boxes can typically access up to 167 HD television channels.

4K TV: Digital video customers who rent a 4K resolution TiVo set-top box can also subscribe to the 4K television service and receive 4K versions of certain sports channels. At this time, only key shows or events are broadcasted in 4K on these channels by the content provider.

Advanced Video Service: Cogeco Connexion was the first cable service provider in Canada to offer advanced video services through the T6 service platform of TiVo Inc. (“TiVo”). TiVo is a global leader in next-generation video services. Its complete product suite delivers a unified experience that spans whole home digital video recorder, HD, access to Internet-delivered video and applications, and multi-screen viewing experiences. The TiVo service was launched on November 3, 2014 in Ontario and on March 30, 2015 in Québec. Through a partnership with Netflix, Inc. (“Netflix”), Cogeco Connexion allows its customers to easily find and watch shows and movies from Netflix through the same set-top box used to watch live TV. The Netflix application was fully integrated into the TiVo service and all new and existing customers who subscribe to Netflix are able to access Netflix in addition to live TV, on demand shows and other web content through a single device.

Internet Service

In most of its territories, Cogeco Connexion offers a range of Internet packages with download speeds up to 120 Mbps and with different transfer speeds, monthly data transfer capacities and service attributes. In certain areas, Cogeco Connexion offers download speeds up to 1 Gbps with unlimited data transfer. Simple and complete security suite and email solutions are also available to Internet customers with automatic updates to protect their devices. As an added benefit, Cogeco Connexion’s Internet customers can connect wirelessly to the Internet at no extra cost from close to 1,550 designated Wi-Fi Internet hotspots in its footprint.

Telephony Service

Cogeco Connexion’s telephony service uses Internet protocol (“IP”) to transport digitised voice signals over the same private network that brings video and Internet services to customers. This allows the elimination of circuit switching and the associated waste of bandwidth. Instead, packet switching is used, whereby IP packets with voice data are sent over the network only when sending data, for example when a caller is talking.

Residential customers can subscribe to one of the three following telephony services: Basic (unlimited local calling), Select (unlimited calling, two features and 100 long distance minutes within Canada and the United States) and Freedom (unlimited calls within Canada and the United States and five features). They can also add many calling features of their choice. Residential telephony service is also 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. All Cogeco Connexion residential telephony service customers have access to direct international calling and can subscribe to five international long distance plans. The telephony service allows customers to keep their existing telephone number where local number portability is supported, as well as the ability to use existing telephones and in-house wiring.

Service Bundles

In addition to selling its services separately, Cogeco Connexion is focused on marketing differentiated packages of multiple services and features, or “bundles”, for a single price. Customers who subscribe to a bundle receive a recurring discount from the price of buying the services separately as well as the convenience of a single monthly bill. An additional, time limited, promotional discount may also apply to new customers or existing customers adding one or more new services to their bundle. Cogeco Connexion believes that its bundled offerings increase customer satisfaction and retention, and encourage subscription to additional features. As of August 31, 2017, approximately 72% of Cogeco Connexion customers preferred bundled services. 38% opted for two service bundles and 34% chose three service bundles.

3.1.2.2. Business Services

Cogeco Connexion offers video, Internet and telephony services to businesses across its served areas.

Cogeco Connexion offers a wide range of general broadband Internet packages with speeds up to 10 Gbps on the downstream and up to 1 Gbps on the upstream. These Internet services cater to the small business market (companies with 5 to 50 employees) and are often sold in bundles with business phone lines, long distance, toll free and video services. Small businesses are also offered hosted private branch exchange services (“HPBX”), which provide more sophisticated voice capabilities hosted by Cogeco Connexion at competitive rates.

Cogeco Connexion also provides IP based telephony services and other advanced network connectivity services delivered over fibre optic connection to larger businesses in its footprint. Network connectivity services are offered in point-to-point or point-to-multipoint configurations resulting in highly scalable and secure services.

Fibre circuits are also used to offer advanced voice services to larger businesses in the form of session initiation protocol (“SIP”) or primary rate interface (“PRI”) trunks. Services over fibre are ideal for businesses with 50 or more employees and multiple locations requiring private, secure and interconnected networks that support sophisticated data and voice applications and services either on premise or in the cloud.

3.1.3. NETWORKS AND INFRASTRUCTURE

Cogeco Connexion provides residential Internet, video, telephony and business services through advanced fibre optic and two-way broadband distribution networks. Cogeco Connexion delivers these services through long distance fibre optic systems, advanced hybrid fibre-coaxial (“HFC”) broadband distribution networks, point to point fibre networks and fibre to the home (“FTTH”) network technologies.

Cogeco Connexion's distribution network extends over 39,000 kilometres. The broad reach of Cogeco Connexion's core transport network is designed to easily interconnect, at very high speed, its many local distribution systems to video content providers, other public telephony networks, software application providers and to the world-wide Internet.

For residential services, Cogeco Connexion is deploying optical fibres to nodes serving clusters of typically 326 homes passed, with multiple fibres per node in most cases to rapidly extend the capacity of the system with smaller clusters when necessary. This just in time process, known as “node splitting”, leads to further improvement in quality and reliability while increasing the capacity of two-way services such as Internet, VOD and telephony and maximizing the efficiency of capital investments. The HFC distribution infrastructure is designed with radio frequency ("RF”) capacity of up to 1 GHz of bandwidth capacity, depending on the market served and customer needs.

In each market, the signals are transferred from the optical network to the coaxial cable network at the node for delivery to its customers. Cogeco Connexion believes that active use of fibre optic technology in combination with coaxial cable plays a major role in expanding channel capacity and improving the performance of the systems. Fibre optic strands are capable of carrying hundreds of video, data and voice channels over extended distances without signal amplification. Cogeco Connexion will continue to deploy fibre optic cable as warranted to further reduce amplifier cascades, which improves system reliability and reduces system maintenance cost. This hybrid combination of fibre optic and coaxial cable is the most efficient choice when it comes to delivering high quality networks with judicious capital investments.

In order to increase distribution system capacity further, Cogeco Connexion undertook the following network enhancement programs:

(a) Conversion of video services from analogue to digital. The deployment of digital terminal adapter converters to its customers having older analogue equipment was completed in all its systems in fiscal 2016. This significant capacity enhancement replaces each analogue channel by up to four HD television channels or sixteen SD channels.

(b) Conversion to switched digital video (“SDV”) technology. This technology allows Cogeco Connexion to selectively broadcast the channels that are currently being viewed by customers, effectively allowing it to offer a greater selection of digital channels over the same network infrastructure. The conversion was completed in all Cogeco Connexion’ systems in fiscal 2017.

Cogeco Connexion uses the data over cable service interface specifications (“DOCSIS”) technology to deliver Internet and business services over HFC networks. DOCSIS has numerous advanced features to ensure a continuous transmission and high quality of service delivery. In addition, this technology provides a flexible and expandable platform to further increase IP transmission speeds and to provide other products such as symmetrical services, which are particularly well suited for commercial customer applications. Today Cogeco Connexion offers top Internet speeds of 120 Mbps in most of its territories and in certain areas up to 1 Gbps. Cogeco Connexion intends to continue deploying 1 Gbps progressively in the coming years through several technologies depending on the location, with DOCSIS 3.1 being the most cost effective. Cogeco Connexion is planning to begin the roll-out of the DOCSIS 3.1 technology in fiscal 2018 in certain areas.

Finally, Cogeco Connexion is deploying FTTH technology in all new residential developments which meet specific criteria of size, proximity to the existing plant and service penetration rate. Cogeco Connexion uses a FTTH technology called radio frequency over glass ("RFoG"). The primary benefit of RFoG is its compatibility backward and forward with existing cable modem termination system ("CMTS") investments and back-office systems.

The following table shows the percentage of Cogeco Connexion's homes passed where digital video, VOD, Internet and telephony services were available as at August 31, 2017:

SERVICE	PERCENTAGE OF HOMES PASSED WHERE SERVICE IS AVAILABLE
DIGITAL VIDEO	99
VOD	98
INTERNET (DOCSIS 3.0)	98
TELEPHONY	97

3.1.4. THIRD-PARTY SUPPLIERS

Cogeco Connexion relies on facilities, equipment and services from various third-party suppliers. Cogeco Connexion offers video services to its customers through a combination of equipment from TiVo, Arris, Cisco and other providers. It has a multi-year agreement with TiVo to provide its advanced digital entertainment services across TV, Web and mobile platforms. This long-term agreement in effect with TiVo commenced in 2014 and will be subject to negotiations in the normal course as new features or services are added or upon its expiration.

In fiscal 2015, Cogeco Connexion concluded a multi-year agreement with NetCracker in view to replace its legacy residential and business ordering and billing software platforms. This replacement will be implemented during fiscal year 2018.

The offering of Cogeco Connexion's local voice over IP ("VoIP") telephony service requires the execution of agreements with strategic providers. To that end, Cogeco Connexion entered into a major agreement with TELUS, which provides telecommunication services for the provision of the Corporation's telephony service through a long-term contractual arrangement.

Cogeco Connexion also relies on third-party programming suppliers for the distribution of video services. Programming agreements, often referred to as "affiliation agreements", are for the most part negotiated with a small number of large integrated broadcasting distribution and programming groups as well as a number of independent programming suppliers. Affiliation Agreements are usually in effect for terms of three to five years. Programming service fees are paid each month based on calculations performed by Cogeco Connexion and are subject to adjustments based on the number of customers. Some affiliation agreements have expired during the last fiscal year and the terms for their renewal have not yet been concluded. In the event of a dispute concerning the terms of the agreement between Cogeco Connexion and a programming supplier, the CRTC may set the terms of agreement at either party's request following a dispute resolution process and the services may not be interrupted by either party while such dispute resolution process is pending. While Cogeco Connexion has generally been able to obtain satisfactory affiliation agreements with programming service suppliers to date, Cogeco Connexion may not be able to maintain its current arrangements, or conclude new arrangements that are economically favorable to it, and programming service fees may thus increase by larger increments in future years.

Cogeco Connexion's business requires access to the support structures of hydro electric utilities and telephone companies and to the public rights-of-way primarily managed by municipalities, to deploy Cogeco Connexion's broadband network. The contracts with the two largest electric power utility suppliers of support structures for the Corporation's network, Hydro One in Ontario and Hydro-Québec in Québec, have been in effect for many years and are both renewed from time to time in the normal course of business. The use of support structures owned by electric power utilities is generally regulated by provincial public utility boards and commissions. Access to the support structures of telephone companies is governed by CRTC tariffs and support structure licence agreements. Where Cogeco Connexion is denied access, it may apply to the CRTC to obtain a right of access under the *Telecommunications Act* (Canada). Similarly, the right to access the public rights-of-way is embedded in the *Telecommunications Act* (Canada) conditional upon obtaining the authority's consent. The process to obtain that consent is generally contained in a negotiated municipal access agreement but where reasonable access conditions cannot be obtained, Cogeco Connexion may apply to the CRTC to rule on the terms of access.

3.1.5. EMPLOYEES

As at August 31, 2017, the number of employees of the Corporation, including the employees of Cogeco Connexion, Atlantic Broadband, Cogeco Peer 1, Cogeco Media Inc. and Cogeco Media Acquisition Inc. totalled approximately 4,736.

As at August 31, 2017, the number of employees of Cogeco Connexion was approximately 2,580, of which approximately 25% form part of two collective bargaining agreements. The collective bargaining agreements have been renewed in June 2016 and will expire on December 31, 2019.

3.1.6. COMPETITIVE CONDITIONS

Cogeco Connexion faces intense competition from several large integrated electronic communications service providers. Bell, its largest competitor, offers through its various operating entities a full range of competitive voice, Internet and video services to residential as well as to business customers in the Provinces of Québec and Ontario through a combination of wireline, mobile wireless and satellite platforms throughout Cogeco Connexion's network footprint. TELUS offers through its various operating entities a full range of competitive voice, Internet and video services to residential as well as to business customers in eastern Québec and through its mobile telecommunications throughout Cogeco Connexion's network footprint.

Bell and TELUS are pursuing the construction of FTTH networks to deploy IP television services in their service areas. The fibre optic technologies they are using are capable of carrying two-way video, Internet with substantial bandwidth and telephony services, each of which is comparable to the services Cogeco Connexion offers.

Cogeco Connexion competes within its network footprint in Canada with several other telecommunications service providers. Shaw Direct, the direct-to-home satellite service of Shaw competes for video customers throughout Cogeco Connexion's footprint.

Bell, TELUS, Rogers, Vidéotron and Shaw are actively marketing their mobile telecommunications services within Cogeco Connexion's network footprint. Furthermore, the deployment of 5G mobile network technology may lead in the future to more competition for Internet and video services in Cogeco Connexion's territories.

Cogeco Connexion faces competition from several independent Internet service providers ("ISPs") who have subscribed to the wholesale third-party Internet access service mandated by the CRTC in order to provide Internet, telephony and to a lesser extent, video services to their customers. Satellite-based Internet access services have also improved the performance and speed of their services.

Cogeco Connexion also faces competition from over-the-top ("OTT") video content providers, such as Netflix, that are gaining increased interest from consumers.

Cogeco Connexion's business services face competition from a variety of service providers, in addition to cloud, hosting and various applications.

3.1.7. REGULATORY REGIME

3.1.7.1. Video Services

In Canada, the operation of a cable system is subject to extensive regulatory requirements, mainly under the authority of federal statutes governing broadcasting, telecommunications, radiocommunication, copyright, privacy and anti-spamming. Under the *Broadcasting Act* (Canada) (hereinafter in this section 3.1.8. the "Broadcasting Act"), the 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.

Licensing

In order to provide broadcasting distribution services, BDUs must hold broadcasting licences issued by the CRTC (or operate under an exemption order). Broadcasting licences are issued by the CRTC for a maximum term of seven years and are generally renewed in the normal course of business upon application by the licensee, except in cases of serious breach. The CRTC has never revoked or failed to renew a licence for an active cable system owned by Cogeco Connexion.

Cogeco Connexion holds two regional licences to operate its non-exempt BDUs serving Ontario and Québec. These licences are currently being renewed in the normal process and their term that was set to expire on August 31, 2016 has been extended administratively by the CRTC to May 31, 2018.

BDUs serving fewer than 20,000 customers are exempted from the requirement to hold a licence. The terms and conditions for exempt BDUs are set out in the exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 customers (the “Exemption Order”).

Licences issued by the CRTC may not be transferred or assigned. In addition, the prior approval of the CRTC is required for any transaction that results in a change to the effective control of a licensee or that results in the acquisition of 30% or more of the voting shares of a licensed broadcasting undertaking, or of a person having effective control of a licensed broadcasting undertaking.

In 2014, the CRTC held a major review of the regulatory framework applicable to programming and distribution undertakings, referred to as the “Let’s Talk TV” proceeding. Following the “Let’s Talk TV” decisions and various follow up proceedings, changes to the various applicable regulations (the “Regulations”) were adopted and are described below.

Rate Regulation

The CRTC reintroduced a limited form of rate regulation as part of its “Let’s Talk TV” decisions. Under the Regulations, BDUs are required to offer to all their customers a small all-Canadian entry-level basic service for a monthly retail price not to exceed $25 with no mechanism to adjust for inflation over time. Retail rates for digital tiers packages, discretionary services, PPV and VOD are not regulated.

Carriage and Packaging Rules

BDUs are subject to specific conditions of licence as well as to the general obligations set out in the Regulations.

Preponderance: BDUs must ensure that the majority (over 50%) of all programming services that they offer to customers are Canadian.

Basic Service: Customers must purchase the basic service of a BDU before subscribing to any digital tiers packages (other than VOD and PPV). Under the Regulations, since March 1, 2016, licensed BDUs are required to offer a mandatory, small entry-level basic service for a price not to exceed $25 comprised only of local and regional television stations, the mandatory services under subsection 9(1)(h) of the Broadcasting Act, as well as the relevant provincial educational services, the community channel and the provincial legislature service in the area served by the BDU. This mandatory small basic service may also include only one set of United States 4 +1 services (ABC, CBS, Fox, NBC and PBS), local AM and FM stations and educational channels of another province or territory in each official language where there is no designated educational service. Where less than 10 local and regional stations are available, terrestrial BDUs are authorized to include other, non-local or regional Canadian stations; the small basic service may not include any additional services beyond those described above.

Access Rules: Category A services have guaranteed access to distribution on all licensed terrestrial BDUs. BDUs must carry either the SD or the HD version of such services. Category B services and Category C sports services have no access rights. BDUs must also distribute the Category C national news specialty services known as CBC News Network, CTV News Channel, Le Canal Nouvelles and Le Réseau de l’information on specific conditions. In the “Let’s Talk TV” decisions, the CRTC determined that starting in September 2017, it will gradually phase-out the access rights and the buy-through requirements, where applicable, for Category A and ethnic services at the time of their license renewals, starting with the programming services owned by English and French private broadcast groups and then by independent broadcasters. Licensed BDUs must distribute one minority official language discretionary service for every 10 majority official language services that they distribute.

Carriage of Non-Canadian Programming Services: Other than U.S. stations received over the air at the head end, BDUs can only distribute non-Canadian programming services if they are approved for distribution by the CRTC and placed on the CRTC’s *Revised list of non-Canadian programming services authorized for distribution*.

Packaging Rules: The Regulations require BDUs to offer all discretionary and non-Canadian services in packages of up to 10 programming services. Additionally, all discretionary and non-Canadian services must also be offered on a stand-alone basis.

Accessibility of Set-Top Boxes and Remote Control: The Regulations require BDUs to make available to customers equipment that allows individuals who are blind, visually impaired or have fine motor skill disabilities to have access to programming services if that equipment is available for purchase by the BDU and is compatible with its distribution system.

The Television Service Provider Code: On January 7, 2016, the CRTC adopted the Television Service Provider ("TVSP") Code which includes provisions relating to the content of agreements with customers for video services, service calls including visits to residences for installation and repairs and service outages. The TVSP Code came into force on September 1, 2017.

Over-The-Air Signals

Unlike specialty services, over-the-air ("OTA") broadcasters are wholly dependent on advertising revenue and do not charge a subscription fee for their signal. Various fee-for-carriage proposals, including a regulatory regime similar to the retransmission consent regime applicable in the United States, as described in Section 3.2.8., have been put before the CRTC a number of times over the years, ending with a judgement rendered by the Supreme Court of Canada on December 13, 2012 ruling that the CRTC does not have the jurisdiction under the Broadcasting Act to impose a regime to compensate OTA broadcasters for retransmission of their OTA signals by BDUs in Canada.

Rules Relating to Protection of Program Rights

Simultaneous Substitution: To protect the advertising revenues of OTA broadcasters, BDUs must delete a distant signal and replace it with the signal of the local or regional TV station where the signals are comparable and are broadcast simultaneously. The signal being deleted, however, must be of the same or lower format than the signal being substituted (i.e. SD cannot be substituted over HD). This rule applies to both analogue and digital programming services.

Distant Signals and Non-Simultaneous Program Deletion: Time-shifted signals that are imported into a local market by a BDU must be blacked-out if the program is aired at a different time on a local or regional station. This requirement has been suspended for most BDUs as a result of an agreement negotiated with the Canadian Association of Broadcasters that compensates local broadcasters for the impact of distant signals in their markets. Licensed BDUs cannot carry a distant Canadian signal without the prior consent of the distant station. Compensation for carriage of the distant signal is to be negotiated between the parties.

Contributions to Canadian Programming and Local Expression

On June 15, 2016, the CRTC issued its new policy framework for local and community television. Considering the importance that local news plays as a public service, the CRTC determined that a new fund - the Independent Local News Fund ("ILNF") - would be created and that a reallocation of existing funding to Canadian Programming and Local Expression would be mandated. Therefore, effective September 1, 2017, all licensed BDUs are required to allocate their 5% contribution of gross annual revenues derived from broadcasting as follows: 0.3% to the ILNF, a further 3.2% to Canadian programming and a maximum of 1.5% to the community channel. Exempt BDUs can contribute the full 5% to a community channel.

Vertical Integration

Following a public hearing to consider the regulatory impact of increasing industry consolidation and vertical integration, the CRTC adopted on September 21, 2011, a number of safeguards to mitigate the risks associated with vertical integration of programming content and distribution, including a prohibition on exclusivity on all distribution platforms with respect to traditional television content, a Code of Conduct prohibiting commercially unreasonable terms regarding wholesale rates and packaging (including the tied selling of services) and "stand-still" provisions to ensure that BDUs or Canadian programming service licensees are not threatened with the withdrawal of popular programming services or forced to accept unreasonable terms and conditions while disputes are pending before the CRTC. 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. On September 24, 2015, the CRTC issued its determination on a wholesale code to govern the commercial arrangements between BDUs and programming services (the "Wholesale Code"). The Wholesale Code came into force on January 22, 2016 and applies to all licensed undertakings. For all other parties, including non-Canadian programming services distributed in

Canada, exempt BDUs, exempt programming undertakings, and exempt digital media undertakings, the Wholesale Code serves as a basis for guiding commercial interactions in the negotiation of agreements in the Canadian market.

Bell Canada is challenging the validity of the Wholesale Code. On December 22, 2015 the Federal Court of Appeal granted Bell Canada leave to appeal the Wholesale Code set out in Broadcasting Regulatory Policy 2015-438. Bell alleges that the CRTC lacked jurisdiction when it issued its regulatory policy and order respecting the Wholesale Code. Cogeco Communications is a participant in the appeal and is seeking to have the Wholesale Code upheld.

Access to Support Structures and Municipal Property

BDUs need access to support structures of telephone companies and hydro electric utilities to deploy their networks. Access to telephone poles and conduits is governed by CRTC tariffs and support structure license agreements. The Supreme Court of Canada rendered a decision in 2003 confirming that the CRTC does not have jurisdiction to establish the terms and conditions of accessing the support structures of hydroelectric companies. Access rates and conditions are therefore established by the provincial utility boards.

BDUs and carriers have a right of access to highways and other public places for the purposes of constructing, maintaining and operating their facilities. However, such access is subject to the consent of the municipality or other public authority. If a BDU/carrier is unable to obtain such consent on acceptable terms, it may ask the CRTC to grant access on specific terms and conditions.

Multiple-Dwelling Units and Inside Wiring

In 1997, the CRTC determined that exclusive contracts between BDUs and the building owners of multiple-dwelling units (“MDUs”) for the distribution of broadcasting services would not be in the public interest and would generally constitute the conferring of an undue preference by the BDU onto itself. However, the CRTC specified that a long-term contract, provided that it is not exclusive, would not be deemed to constitute such an undue preference.

In 2000, the CRTC established a non-interference regime for cable inside wire rather than transferring inside wire to the customer. This approach was intended to ensure that customers receive service from the BDU of their choice and obtain the full benefits of competition in the distribution of broadcasting services by removing barriers to competitive access caused by cable company ownership of inside wire, specifically in MDUs. In 2011, the CRTC extended this requirement to commercial and institutional properties.

Copyright Licensing

Cable systems are subject to the federal copyright licensing regime covering carriage of television and radio signals. The *Copyright Act* (Canada) provides for the payment by BDUs of various royalties, including in respect of the retransmission of distant television and radio signals. Distant signal is defined for that purpose in regulations adopted under the authority of the *Copyright Act* (Canada). The level and terms of the royalties payable for distant broadcast signal retransmission are the subject of statements filed periodically by rights collecting bodies (“collectives”), which must be approved by the Copyright Board (Canada).

Under the provisions of the *Copyright Act* (Canada), BDUs are also jointly and severally liable with certain programming service suppliers for the communication to the public of dramatico-musical or musical works protected by copyright as part of these services. The level and terms of the applicable royalties are the subject of statements filed periodically by music collectives, which must be approved by the Copyright Board.

Privacy and Security Regulation

As a federally-regulated organization, Cogeco Connexion is subject to various privacy laws and regulations and among others, to the *Personal Information Protection and Electronic Documents Act* (Canada) that sets out the rules regarding the collection, use and disclosure of personal information in the course of its business activities and interactions with its customers and other parties entrusting personal information to Cogeco Connexion. This information must be treated and protected by security safeguards appropriate to the sensitivity of the information, through different methods of protection, namely physical, organizational and technological. Certain privacy rules are also dictated by the CRTC and other authorities having jurisdiction.

From time to time, Cogeco Connexion is also required by law enforcement agencies that have proper jurisdiction to disclose personal information about third parties, but only upon following due process established internally, and when the request is supported by a judicial order, a valid warrant or as Cogeco Connexion may otherwise be compelled to by applicable law.

The Anti-Spam Legislation ("CASL") intended to regulate unsolicited commercial emails, spyware, phishing and pharming, received royal assent on December 15, 2010. The first set of provisions, more specifically those dealing with the delivery of unsolicited commercial emails, came into effect on July 1, 2014. The provisions of the Act relating to the installation of computer programs came into force on January 15, 2015 and the coming into force of the private right of action that was originally expected to take effect on July 1, 2017, providing for the right to submit a claim for monetary compensation in the case of non-observance of the Act, has been suspended by the Canadian federal government.

Other Related Statutory Provisions and Regulations of the CRTC

In addition to the laws, regulations, policies and decisions noted above, there are other regulatory requirements applicable to cable services in Canada, and such requirements are subject to periodic review, change or additions.

Since March 31, 2015, broadcasters in Canada are required to fully participate in Canada's National Public Alerting System and to alert Canadians of imminent threats to life. As a result of this policy, Canadians across the country who are listening to radio or watching television are receiving notification of imminent emergencies issued by public officials so that they can take appropriate action. Alert messages include messages relating to events such as tornadoes, floods, forest fires, industrial disasters and tsunamis.

Consistent with its policy decisions in the "Let's Talk TV" proceeding, the CRTC created a new, hybrid VOD category of service. To this effect, it issued on August 6, 2015 its revised exemption order for certain classes of VOD undertakings and updated the standard conditions of licence for licensed VOD undertakings. In order to be allowed to operate a hybrid VOD undertaking, an operator must offer the VOD service via the Internet, similarly to an OTT service, to all Canadians without the need for the client to subscribe to a specific mobile service or retail Internet access service. Once this condition is met, the BDU-specific VOD services which must otherwise comply with obligations relating to Canadian programming as well as restrictions with respect to offering exclusive content, will be relieved from such obligations.

Following recent legislative changes, the CRTC was given the power to impose administrative monetary penalties ("AMP") under the *Telecommunications Act* (Canada). AMPs may be imposed for violations of regulatory requirements.

3.1.7.2. Internet Service

In 1998, the CRTC forbore from regulating the provision of Internet services to retail customers by cable companies. The decision to forbear from regulation was based on the finding that cable companies do not have substantial market power since there are multiple service providers bringing competition, pricing discipline, innovation, and consumer choice to the retail Internet services market. However, the CRTC ordered cable carriers to provide a third party Internet access ("TPIA") service to competitive service providers in order to not unduly impede the development of a competitive market for these services. Furthermore, in 2008, the CRTC determined that this wholesale service should continue to be mandated until it is demonstrated that a functionally equivalent, practical, and feasible wholesale alternative exists.

Several independent ISPs have subscribed to the wholesale Internet access service offered by Cogeco Connexion under rates, terms and conditions approved from time to time by the CRTC.

In 2009, the CRTC issued several determinations regarding the use of Internet traffic management practices ("ITMP"s) by ISPs. In short, the CRTC noted that the use of economic ITMPs would generally not be considered unjustly discriminatory and would provide greater transparency to users than would technical ITMPs. Further, the CRTC concluded that a technical ITMP resulting in the noticeable degradation of time-sensitive Internet traffic or leading to blocking the delivery of content to an end-user will require prior CRTC approval, but not the use of ITMPs that delay non-time-sensitive traffic. Furthermore, as a condition of providing retail Internet services, the CRTC directed all ISPs to disclose to their retail customers, clearly and prominently on their websites, information related to their ITMPs.

On April 20, 2017, the CRTC established a "Net neutrality code" and set out the evaluation criteria it will apply to determine whether an ISP's specific differential pricing practice is allowed. The evaluation criteria are the following: i) the degree to which the treatment of data is agnostic (i.e. data is treated equally regardless of its source or nature); ii) whether the offering is exclusive to certain customers or certain content providers; iii) the impact on Internet openness and innovation; and iv) whether there is financial compensation involved.

On December 21, 2016, the CRTC determined that broadband internet access is now considered a basic telecommunications service in Canada and announced the creation a new fund to support projects aiming to build or upgrade infrastructure for fixed and mobile broadband internet access services in order to meet specific targets, including the provision of fixed broadband internet access with speeds of 50 Mbps download/10 Mbps upload to 90% of Canadian homes by the end of 2021 and the remaining 10% within 10-15 years. The fund will make available up to $750 million over the first five years to facilitate reaching these speeds.

Finally, on March 31, 2016, the CRTC issued its preliminary report on the results of the first national, independent broadband performance study, conducted with the collaboration of SamKnows, a company specializing in measuring broadband. Participating ISPs included all the main Canadian facilities-based companies, including Cogeco Connexion. The results revealed that the majority of broadband Internet services sold in Canada meet or exceed their advertised download and upload speeds. The report found that services using HFC and FTTH technologies delivered download speeds in excess of the rates advertised by ISPs and that performance was largely consistent across all regions, with the vast majority achieving between 109% and 122% of the advertised download speed.

3.1.7.3. Telephony Services

The CRTC is responsible under the *Telecommunications Act* (Canada) for the regulation of telephony services. In May 2005, the CRTC determined that VoIP services should be regulated as local exchange services and that the regulatory framework governing local competition, initially set out in 1997, applies to local VoIP service providers. Local VoIP services are defined as voice communication services using IP that use telephone numbers that conform to the North American Numbering Plan and that provide universal access to and/or from the public switched telephone network. The CRTC also determined that cable companies were required to enter the local telephony market as competitive local exchange carriers ("CLECs") and, like all CLECs, were allowed to define their own local serving areas and were required to fulfill CLEC obligations such as those related to the provision of local number portability, enhanced Emergency 911 capabilities, privacy safeguards, message relay services, directory listings and equal access to interexchange carriers.

In early 2012, the CRTC established a set of principles to facilitate IP voice network interconnections between network operators while allowing market forces to shape the details of the arrangements. Specifically, in areas where a carrier provides IP voice interconnection to an affiliate, a division of its operations, or an unrelated service provider, the carrier must negotiate a similar arrangement with any other carrier that requests such an arrangement.

3.1.8. Foreign Ownership Restrictions

The legal requirements relating to Canadian ownership and control of cable television and broadcasting undertakings are embodied in a statutory Order from the Governor in Council (i.e., the federal Cabinet) to the CRTC under the *Broadcasting Act* (Canada). In April 1996, the Order was revised to make the Canadian ownership requirements under the *Broadcasting Act* (Canada) consistent with those under the *Telecommunications Act* (Canada). The Order requires that Canadians own and control directly or indirectly at least 80% of the voting shares and 80% of the votes of the licensee company and that its chief executive officer and 80% of the members of the board and directors be Canadian. Canadians need only to own and control directly or indirectly at least 66⅔% of the voting shares and 66⅔% of the votes of the licensee's parent corporation. The CRTC retains the discretion under the Order to make a determination that a licensee is not controlled in fact by Canadians.

The *Telecommunications Act* (Canada) and its regulations as well as the *Radiocommunication Regulations* establish restrictions on foreign ownership and control of telecommunications common carriers and radiocommunication carriers. Section 16 of the *Telecommunications Act* (Canada) states that, in order to be eligible to operate in Canada, a telecommunications common carrier must be a "Canadian owned and controlled corporation," incorporated or continued under the laws of Canada. Subsection 16(3) of the Act stipulates that a corporation is Canadian owned and controlled if: (a) not less than 80% of the members of the board of directors of the corporation are individual Canadians; (b) Canadians beneficially own, directly or indirectly, in the aggregate and otherwise by way of security only, not less than 80% of the corporation's voting shares issued and outstanding; and (c) the corporation is not otherwise controlled by persons that are not Canadians. Lower levels of Canadian voting share ownership (66⅔%) and of Canadian board membership are required for holding companies that own or control Canadian Carriers.

On June 29, 2012, the *Telecommunications Act* (Canada) was amended to eliminate foreign ownership restrictions for certain telecommunications carriers. As a result of the amendments, the existing foreign ownership restrictions no longer apply to carriers with less than a 10% share of the total Canadian telecommunications market.

3.1.9. TRADEMARKS

The Corporation has registered or applied for registration of several trademarks that are used in its business activities, which the Corporation regards as having significant value or as being important factors in the marketing of its services.

3.1.10. CYCLES

The operating results of the Canadian broadband services segment are not generally subject to material seasonal fluctuations except as follows. The number of Internet and video services customers are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Connexion offers its services in several university and college towns such as Kingston, Windsor, St. Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada.

3.2. AMERICAN BROADBAND SERVICES

3.2.1. CUSTOMERS

The following table presents the total number of primary service units, Internet, video and telephony service customers and the penetration rate of each of these services as a percentage of homes passed as at August 31, 2017:

	AUGUST 31, 2017	% OF PENETRATION(1) AUGUST 31, 2017
PRIMARY SERVICE UNITS	611,021	N/A
INTERNET SERVICE CUSTOMERS	273,127	45.9
VIDEO SERVICE CUSTOMERS	236,139	39.7
TELEPHONY SERVICE CUSTOMERS	101,755	17.1

(1) AS A PERCENTAGE OF HOMES PASSED.

3.2.2. SERVICES

3.2.2.1. Residential Services

Atlantic Broadband offers a wide range of video, Internet and telephony services to its residential customers. Atlantic Broadband 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.

Video Services

Atlantic Broadband's video services are offered, on a subscription basis, in analogue form and in digital form.

Analogue Service

Basic Service: Basic analogue customers receive the basic level of service which consists of local broadcast television and local community programming, including government and public access channels, and may also include a limited number of satellite-delivered channels.

Expanded Basic Service: This expanded level of service includes a group of satellite-delivered or non-broadcast channels such as ESPN, CNN, Discovery Channel, Lifetime, TNT, A&E and Bravo.

Digital Video Service

Basic Service: Basic digital service customers generally receive the same services as basic analogue customers. They also receive an interactive electronic programming guide and multiple channels of CD-quality digital music.

Digital Tier Packages: Digital video customers have more flexibility to design their own programming packages. Various digital tier packages are offered which focus on the interests of a particular customer demographic and emphasize, for example, sports, movies, family or ethnic programming.

Premium Channels: Digital service customers have access to a larger selection of premium channels of their choice with "multiplexes". Multiplexes give customers access to several different versions of the same premium channel which are varied as to time of broadcast (such as East and West coast time slots) or programming content theme.

PPV Channels: Digital video customers have access to an expanded menu of PPV channels.

VOD Service: The VOD service allows customers with digital services to choose from a library of hundreds of movies and other programming and to view them at any convenient time.

HD: HDTV provides Atlantic Broadband customers who lease HD converters or who have digital sets with built-in HD tuners, with television services at a higher resolution than that of standard television. Digital video service customers who rent HD-capable set-top boxes can typically access between 60-120 HD television channels.

Advanced Video Service: Atlantic Broadband was the first cable service provider in the United States to offer advanced video services through TiVo's T6 service platform. Through a partnership with Netflix, Atlantic Broadband enables its customers to easily find and watch shows and movies from Netflix through the same set-top box used to watch live TV. The Netflix application was fully integrated into the TiVo service and all new and existing customers who subscribe to Netflix are able to access Netflix in addition to live TV, on demand shows and other web content through a single device.

Internet Service

Atlantic Broadband offers multiple tiers of Internet service. Service tiers were developed to appeal to a range of potential customers based on the addressable download speeds required by different customer groups. The most affordable service is designed to appeal to those customers currently using dial-up Internet service by taking advantage of the "always on" feature of the Internet service. Atlantic Broadband's Internet service offers superior speeds compared to direct subscriber line ("DSL") and appeals to more sophisticated Internet services users. Atlantic Broadband offers broadband Internet packages with speeds up to 120 Mbps on the downstream and up to 10 Mbps on the upstream and in its newest offering in certain areas, up to 1 Gbps on the downstream and up to 50 Mbps on the upstream.

Atlantic Broadband also offers a home networking equipment and support service that provides further value to the customers seeking to connect multiple computers and devices to Atlantic Broadband's Internet offering. Atlantic Broadband plans to continue seeking out value-added service opportunities such as remote storage and backup which provide additional revenue potential.

Telephony Service

Atlantic Broadband's telephony service uses VoIP technology which makes it possible to have a telephone conversation over a dedicated IP network instead of dedicated voice transmission lines. This allows the elimination of circuit switching and the associated waste of bandwidth. Instead, packet switching is used, whereby IP packets with voice data are sent over the network only when data needs to be sent, for example when a caller is talking. VoIP's advantages over traditional telephony include lower costs per call, especially for long-distance calls, and lower infrastructure costs as, once the IP infrastructure is installed, little or no additional telephony infrastructure is needed.

Atlantic Broadband residential telephony service features include: unlimited long-distance calling throughout the United States, Canada and Puerto Rico; the ability to keep the customers' existing telephone number where local number portability is supported; the ability to access enhanced Emergency 911 dialing; and the ability to use existing telephones and in-house wiring. The service also includes voicemail and fifteen popular custom calling features.

Service Bundles

In addition to selling its services separately, Atlantic Broadband is focused on marketing differentiated packages of multiple services and features (such as video and telephony), or "bundles", for a single price. Customers who subscribe to a bundle receive a recurring discount from the price of buying the services separately as well as the convenience of a single monthly bill. An additional, time limited, promotional discount may also apply to new customers or existing customers adding one or more new services to their bundle. Atlantic Broadband believes that its bundled offerings increase customer satisfaction and retention, and encourage subscription to additional features. As of August 31, 2017, 55% of Atlantic Broadband's customers preferred bundled services: 35% of customers were on “double-play” and 20% were on “triple-play” offerings.

3.2.2.2. Business Services

Atlantic Broadband’s target market in the commercial sector is small to medium-sized businesses with between 5 and 100 employees. Atlantic Broadband currently provides “tiered” Internet service to the business community based on data throughput speeds. Commercial customers choose from those tiered services to best meet their requirements and budgets. Atlantic Broadband commercial telephony service offers commercial customers multiple line capability, and is often bundled with the Internet service. Atlantic Broadband has rolled out a VoIP-based PRI and a hosted PBX service for its commercial customers. Atlantic Broadband has also enhanced its Metro-Ethernet service offering with standardized solutions and speeds that scale from 10 Mbps to 10 Gbps, including multiprotocol label switching, based on customer needs. Atlantic Broadband also opportunistically pursues large business, carrier and corporate customers located within its network footprint requiring wide area networks, point-to-point data services and virtual private networks. These services are offered where Atlantic Broadband has excess fibre or capacity on its network or where the contract with the customer provides an adequate return on investment.

3.2.3. Networks and Infrastructure

Atlantic Broadband provides residential Internet, video, telephony and business telecommunications services through advanced fibre optic and two-way broadband distribution networks. Atlantic Broadband delivers these services through long distance fibre optic systems, HFC broadband distribution networks, point to point fibre networks and FTTH network technologies.

Atlantic Broadband's distribution network extends over 15,000 kilometres. The broad reach of Atlantic Broadband’s core transport network is designed to easily interconnect, at very high speed, its many local distribution systems to video content providers, public telephony networks, software application providers and to the world-wide Internet.

For residential services, Atlantic Broadband is deploying optical fibres to nodes serving clusters of typically 355 homes passed, with multiple fibres per node in most cases to rapidly extend the capacity of the system with smaller clusters when necessary. This just in time process, known as “node splitting,” leads to further improvement in quality and reliability while increasing the capacity of two-way services such as Internet, VOD and telephony while maximizing investments. The HFC distribution infrastructure is designed with RF capacity of up to 1 GHz of bandwidth capacity, depending on the market served and customer needs.

In each market, the signals are transferred from the optical network to the coaxial cable network at the node for delivery to its customers. Atlantic Broadband believes that active use of fibre optic technology in combination with coaxial cable plays a major role in expanding channel capacity and improving the performance of the systems. Fibre optic strands are capable of carrying hundreds of video, data and voice channels over extended distances without signal amplification. Atlantic Broadband will continue to deploy fibre optic cable as warranted to further reduce amplifier cascades, which improves system reliability and reduces system maintenance cost. This hybrid combination of fibre optic and coaxial cables is the most efficient choice when it comes to delivering high quality networks with judicious capital investments.

In order to recover bandwidth necessary for Internet growth as well as additional HD television channels, Atlantic Broadband is continuing with a multi-point strategy to enhance the network and increase overall network performance:

(a) In markets where overall bandwidth is below 750 MHz, Atlantic Broadband has completed the conversion of video services from analogue to digital with the deployment of digital terminal adapter converters to its customers having older analogue equipment.

(b) In 750 MHz markets where Atlantic Broadband has a larger customer base, it has begun the conversion to all digital, which it anticipates will be completed in 2018.

Atlantic Broadband uses the DOCSIS technology to deliver Internet and business services over HFC networks. DOCSIS has numerous advanced features to ensure a continuous transmission and high quality of service delivery. In addition, this technology provides a flexible and expandable platform to further increase IP transmission speeds and to provide other products such as symmetrical services, which are particularly well suited for commercial customer applications. Today Atlantic Broadband offers top Internet speeds of 120 Mbps in most of its territories and in certain areas up to 1 Gbps. Atlantic Broadband intends to continue deploying 1 Gbps progressively in the coming years through several technologies depending on the location, with DOCSIS 3.1 being the most cost effective. Atlantic Broadband has started the deployment in fiscal 2017 of the DOCSIS 3.1 technology in some areas.

Finally, Atlantic Broadband is deploying FTTH technology in all new residential developments which meet specific criteria of size, proximity to the existing plant and service penetration rate. Atlantic Broadband uses a FTTH technology called RFoG. The primary benefit of RFoG is its compatibility backward and forward with existing CMTS investments and back-office systems. RFoG offers increased reliability, lower maintenance costs and is an excellent platform for the delivery of enhanced video services and higher speed internet services in the future.

The following table shows the percentage of Atlantic Broadband's homes passed where Digital video, VOD, Internet and telephony services were available as at August 31, 2017:

SERVICE	PERCENTAGE OF HOMES PASSED WHERE SERVICE IS AVAILABLE
DIGITAL VIDEO	99
VOD	97
INTERNET (DOCSIS 3.0)	99
TELEPHONY	99

3.2.4. THIRD-PARTY SUPPLIERS

Atlantic Broadband relies on facilities, equipment and services from various third-party suppliers. Atlantic Broadband has a multi-year agreement with TiVo, a global leader in next-generation video services that enable viewers to consume content across all screens in and out-of-the home. This long-term agreement in effect with TiVo commenced in 2013 and will be subject to negotiations in the normal course as new features or services are added or upon its expiration.

Atlantic Broadband relies on CSG Systems, Inc. ("CSG") for the provision of products and services related to customer administration and billing. This contract was most recently renewed in 2015.

Atlantic Broadband's telephony service, which is a VoIP service, relies on the support of strategic providers. To that end, Atlantic Broadband entered into an agreement with Net2Phone Cable Telephony, LLC, now a division of IDT ("Net2Phone") whereby Net2Phone assists with provisioning capabilities and provides switching and termination of traffic to the public switched telephone network, delivery of enhanced Emergency 911 service, local number portability and operator and directory services (the "Net2Phone Agreement"). This agreement was most recently extended in 2014.

Atlantic Broadband also relies on third-party programming networks for the distribution of its video services. Atlantic Broadband obtains the majority of its expanded basic, digital tier and premium programming from the National Cable Television Cooperative ("NCTC"), a national cooperative of cable television service operators that collectively negotiates and administers master affiliation agreements with cable television programming networks on behalf of its member companies. Through joint purchasing and negotiation, the NCTC is able to take advantage of volume discounts offered by programming networks for the purchase of these services. Atlantic Broadband also obtains basic and premium programming directly from a number of third-party suppliers. Affiliation agreements generally continue for a fixed period of time, usually from three to six years. Programming service fees are paid each month based on the number of customers. Most programmers require specific channel placement and minimum service penetration. Some affiliation agreements have expired during the last fiscal year and the terms for their renewal have not yet been concluded. Cable operators have the right to file a complaint with the Federal Communications Commission ("FCC"), if they feel they have been discriminated against or unfairly denied access to programming content. Programming service fees have increased significantly, well in excess of customary inflation and cost-of-living type increases, over the past few years, and Atlantic Broadband expects that programming service fees will continue to increase significantly.

Atlantic Broadband's business also requires the execution of contracts with utilities in order to obtain cost-effective and timely access to utility support structures (such as utility poles) and rights-of-way. These contracts are also renewed from time to time in the normal course of business.

3.2.5. EMPLOYEES

As at August 31, 2017, the number of employees of Atlantic Broadband was approximately 877, of which approximately 20% form part of collective bargaining agreements. All of these collective agreements were renewed in the first quarter of calendar year 2017, for terms of 3 and 5 years.

3.2.6. COMPETITIVE CONDITIONS

The principal competitors of Atlantic Broadband in the United States for video services are direct broadcast satellite ("DBS") providers, DirecTV, Inc. (owned by AT&T) and Dish Network. Atlantic Broadband also faces increasing competition for its video services from phone companies with fiber networks, such as AT&T U-verse, Verizon FiOs and Frontier Communications Corporation, as well as other cable companies, such as Comcast. Atlantic Broadband's video services also face competition from OTT content providers, such as Netflix, Amazon Prime and Hulu Plus, that are gaining traction with consumers.

Atlantic Broadband's competitors for its Internet services primarily offer DSL, and, to a lower extent FTTH. Atlantic Broadband also faces competition from wireless Internet service providers offering 3G, 4G and eventually 5G wireless broadband services and Wi-Fi networks.

Atlantic Broadband's telephony services face competition from the incumbent local exchange carriers ("ILEC"), as well as other providers such as cellular and VoIP providers. Atlantic Broadband also faces competition from other forms of communications, such as text messaging and social media.

Atlantic Broadband's business services face competition from a variety of service providers, in addition to cloud, hosting and various applications.

3.2.7. REGULATORY REGIME

3.2.7.1. Video Services

In the United States, the operation of a cable system is extensively regulated by the FCC, some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease-and-desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations.

Franchising

Cable systems are generally operated pursuant to non-exclusive franchises granted by a municipality (or other local government entity) or a state. Such franchises grant to Atlantic Broadband the right to access the public rights-of-way within each municipality covered by the franchises. Federal law prohibits local franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises. Cable franchises generally are granted for fixed terms and in many cases include monetary penalties for non-compliance and may be terminable if the franchisee fails to comply with material provisions.

The specific terms and conditions of franchises vary materially between jurisdictions. Each franchise generally contains provisions governing cable operations, franchise fees, system construction and maintenance obligations, system channel capacity, design and technical performance, customer service standards, and indemnification protections. Federal law also permits franchising authorities to require public, educational and governmental access ("PEG") programming, and many of Atlantic Broadband's franchises require Atlantic Broadband to provide channel capacity and financial support for PEG programming. Although local franchising authorities have considerable discretion in establishing franchise terms, there are certain federal limitations. For example, local franchising authorities cannot insist on franchise fees exceeding 5% of the system's gross cable-related revenues, cannot dictate the particular technology to be used by the system, and cannot specify television programming other than identifying broad categories of programming. Certain states, such as Florida, impose broadly applied telecommunications taxes.

Prior to the scheduled expiration of most franchises, Atlantic Broadband will initiate renewal proceedings with the granting authorities. When the cable operator requests renewal in accordance with the *Cable Communications Policy Act of 1984* the granting authorities may not unreasonably withhold a renewal. In connection with the franchise renewal process, many governmental authorities require the cable operator to make certain commitments. Approximately 4.5% of Atlantic Broadband's existing franchises have expired. Atlantic Broadband continues to operate the franchises under the terms of the expired agreement during the renewal negotiations. Historically, it has been able to renew franchises without incurring significant costs, although there is a risk that any particular franchise may not be renewed on commercially favorable terms or otherwise.

Similarly, if a local franchising authority's consent is required for the purchase or sale of a cable system or franchise, the local franchising authority may attempt to impose more burdensome or onerous franchise requirements as a condition for providing its consent. Historically, most consents have been granted to cable operators that have provided satisfactory services and have complied with the terms of their franchise.

There has been considerable state and federal legislative and administrative activity aimed at easing entry and franchise burdens for new cable competitors, including the ILECs. In December 2006, the FCC adopted an order to ease the local franchising process for new competitive entrants by, among other things, limiting the range of financial, construction and other commitments that franchising authorities can request of new entrants, requiring franchising authorities to act on franchise applications by new entrants within 90 days and preempting certain local "level playing field" requirements. The FCC has also adopted an order providing lesser franchising relief for existing cable operators.

A number of states, including Connecticut, South Carolina and Florida, have enacted state-wide franchising laws. These laws, while easing entry for potential competitors, also significantly reduce the franchise obligations of the incumbent cable operator and place the regulatory authority for the franchises with the State rather than with the local franchising authority at the time of renewal.

Rate Regulation

The *Cable Television Consumer Protection and Competition Act of 1992* (the "Cable Act"), allowed franchising authorities to regulate operators' rates for the basic service tier and associated equipment, unless operators filed a petition with the FCC and produced evidence showing that they were subject to "effective competition", in accordance with criteria set forth under FCC rules. The FCC revised its rules to create a presumption that operators are subject to effective competition, and therefore, not subject to rate regulation, unless a franchising authority petitions the FCC and shows that the operator is not subject to effective competition. Accordingly, as of December 2015, Atlantic Broadband was no longer subject to rate regulation, unless any of its franchising authorities provides to the FCC evidence showing that Atlantic Broadband is not subject to effective competition, which will be a difficult showing to make, given the prevalence of DBS in Atlantic Broadband's markets.

Carriage of Broadcast Signals: Must Carry/Retransmission Consent

The Cable Act requires local commercial television broadcast stations to elect once every three years between "must carry" status and "retransmission consent" status. Cable operators are required to carry, without compensation, the programming of local commercial television stations that elect must carry, which includes any station that fails to make a timely election. By contrast, cable operators may not carry stations that elect "retransmission consent" without a written agreement allowing them to do so. Stations that elect retransmission consent may demand cash payments or other significant consideration (such as the carriage of and payment for other programming networks affiliated with the broadcaster) for granting permission to the cable operator to retransmit the station's local broadcast signal. Atlantic Broadband's retransmission consent agreements generally require payment of a flat fee per customer. In some cases these agreements involve the exchange of other types of consideration such as limited grants of advertising time or, when applicable, limited VOD launch fees. The value ascribed to any exchange of non-monetary services in the limited number of cases in which such an exchange may exist is not material, with only cash compensation recorded as revenue and expense in these instances. Atlantic Broadband expects to continue to be subject to significant increases in fees by broadcasters in exchange for their required consent for the retransmission of broadcast programming to customers.

Television stations and cable operators alike must negotiate retransmission consent agreements in "good faith." The FCC has set forth a series of actions that would constitute *per se* bad faith, such as refusing to negotiate at all, or refusing to appoint an agent with sufficient authority. The FCC initiated a proposed rulemaking to review the totality of the circumstances test contained in the good faith negotiation requirement, but ultimately decided not to amend the existing rules. As such, the FCC will review complaints of bad faith negotiations on a case-by-case basis.

In March 2014, the FCC released an order and proposed rulemaking making it unlawful for two of the top four stations (NBC, ABC, CBS and Fox) in the same market to negotiate jointly for retransmission consent, unless the stations are commonly owned under the FCC's ownership rules. The FCC has indicated that it will review these rules and could eliminate this restriction.

Access to Programming

To spur the development of independent cable programmers and competition to incumbent cable operators, the Cable Act imposed restrictions on the dealings between cable operators and cable programmers. Of special significance from a competitive business position, the Cable Act restricts television programmers affiliated with cable companies from discriminating in prices, terms and conditions as between multichannel television programming distributors. The Cable Act also initially limited the ability of vertically integrated cable programmers to enter into certain exclusive programming arrangements with cable companies. On October 5, 2012, however, the FCC allowed these program access rules to expire. Competitors are now required to file a complaint with the FCC if they feel that a cable operator is unfairly denying access to its vertically integrated programming services, and the FCC will decide these matters on a case-by-case basis. The rules continue to limit exclusive contracts with respect to cable-affiliated satellite-delivered regional sports networks ("RSNs"), which are subject to a rebuttable presumption that an exclusive contract with such networks violates the program access rules, as is currently the case for terrestrially delivered RSNs.

Leased Access

The *Communications Act of 1934* (the "Communications Act") requires a cable operator to make up to 15% of its channel capacity available for commercial leased access by third parties to provide programming that may compete with services offered directly by the cable operator. To date Atlantic Broadband has not been required to devote significant channel capacity to leased access. In 2007, the FCC adopted rules that would significantly reduce the rates that cable operators can charge for leased access channels. Although the lowered rates would not initially apply to infomercial or home shopping programmers, the FCC has issued a further notice to determine if such programming should also have the benefit of the lower rates. These rules have been stayed by a federal court and have also been blocked by the Office of Management and Budget. If ultimately implemented, they could adversely affect Atlantic Broadband's business by significantly increasing the number of cable system channels occupied by leased access users and by significantly increasing the administrative cost associated with complying with such rules.

Access to Support Structures and Municipal Property

The Communications Act requires phone companies and other utilities (other than those owned by municipalities or cooperatives) to provide cable systems with non-discriminatory access to any pole or right-of-way controlled by the utility. The rates that utilities may charge, together with certain terms and conditions for such access are regulated by the FCC, or, alternatively, by states that certify to the FCC that they regulate pole attachments.

MDUs and Inside Wiring

In an order dating back to 1997 and largely upheld in a 2003 reconsideration order, the FCC established rules that require an incumbent cable operator upon expiration of a MDU service contract to sell, abandon or remove "home run" wiring that was installed by the cable operator in an MDU building. These inside wiring rules are expected to assist building owners in their attempts to replace existing cable operators with new programming providers who are willing to pay the building owner a higher fee, where such a fee is permissible. In another proceeding, the FCC has preempted restrictions on the deployment of private antennas on property within the exclusive use of a condominium owner or tenant, such as balconies and patios. These developments may make it more difficult for Atlantic Broadband to provide service in MDUs.

In 2007, the FCC adopted an order prohibiting the enforcement of exclusive television service access agreements between cable operators and MDUs and other private real estate developments. The order also prohibits the execution of new exclusive access agreements. In May 2009, a federal appellate court upheld this order, but in March 2010, the FCC rejected further proposals to expand the scope of the rules to prohibit exclusive marketing and bulk billing agreements.

Copyright Licensing

Cable television systems are subject to a federal "statutory copyright license" covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool that varies depending on the size of the system, the number of distant broadcast television signals carried, and the location of the cable system, cable operators can obtain blanket permission to retransmit copyrighted material included in broadcast signals. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative and administrative review and could adversely affect Atlantic Broadband's ability to obtain desired broadcast programming and/or substantially increase its costs.

In response to a 2014 FCC decision eliminating the FCC's "sports blackout rules", pursuant to which sports teams could require cable operators to black out sports events not available on local broadcast stations, certain sports leagues petitioned the Copyright Royalty Board to impose a copyright surcharge to compensate sports teams for the loss of programming exclusivity. As a result, the Copyright Royalty Review Board recently published a Notice of Settlement and Proposed Rule, which would adjust the cable television copyright royalty fees for certain live non-network sports programming. If approved, the new regulations would take effect in 2018, with the first royalty fees due in August 2018.

Cable operators distribute locally originated programming and advertising that use music controlled by music performing rights organizations. The cable industry has had a long series of negotiations and adjudications with such organizations. Although Atlantic Broadband cannot predict the ultimate outcome of these industry proceedings or the amount of any license fees it may be required to pay for past and future use of association-controlled music, Atlantic Broadband does not believe such license fees will be significant to its business and operations.

Privacy and Security Regulation

In addition to privacy protections of the Communications Act relating to the protection of cable customer privacy and customer proprietary network information, Atlantic Broadband is also subject to state and federal laws regarding information security. Such rules generally restrict the collection and disclosure to third parties of customers' personally identifiable information, without the customers' consent, except as necessary to render service, conduct legitimate business activities and as required by applicable law. Such laws also impose security breach notification obligations.

The Federal Trade Commission ("FTC") also imposes privacy protections applicable to the business. The FTC has initiated several enforcement actions against parties that do not provide sufficient security protection against the loss or unauthorized disclosure of personally identifiable information. Atlantic Broadband is also subject to federal and state laws that regulate telemarketing, including unsolicited telephone calls, emails and automated telemarketing calls. The FTC and states have increased efforts to impose transparency requirements around the collection and use of consumer information.

There are pending legislative proposals that could impose new cybersecurity requirements on businesses like Atlantic Broadband's and the FCC is also considering the imposition of cybersecurity requirements.

Tax Legislation

Atlantic Broadband is subject to taxation at the federal, state and local levels. Certain states and localities have imposed or are considering imposing new or additional taxes on Atlantic Broadband services or changing the methodologies on which it currently pays such taxes.

Other Cable Service-Related Statutory Provisions and Regulations of the FCC

In addition to the Communications Act provisions and FCC regulations noted above, there are other cable service-related statutory provisions and regulations of the FCC covering such areas as:

- programming practices, including, among other things, blackouts of programming offered by a distant broadcast signal carried on a cable system that duplicates the programming for which a local broadcast station has secured exclusive distribution rights, indecent programming, lottery programming, political programming, sponsorship identification, children's programming advertisements, and closed captioning;
- registration of cable systems and facilities licensing;
- maintenance of various records and public inspection files;
- aeronautical frequency usage;
- lockbox availability;
- antenna structure notification;
- tower marking and lighting;
- consumer protection and customer service standards;

- technical standards;
- equal employment opportunity;
- consumer electronics equipment compatibility; and
- emergency alert systems.

3.2.7.2. Telephony Services

Atlantic Broadband offers telephony services to customers using interconnected VoIP technology. The FCC has imposed additional regulatory requirements on interconnected VoIP services, including enhanced Emergency 911 capabilities and customer disclosure, *Communications Assistance for Law Enforcement Act* ("CALEA") obligations, disability access, Customer Proprietary Network Information ("CPNI") requirements, local number portability duties and benefits, Universal Service payment obligations, and the obligation to seek FCC approval prior to discontinuing services. FCC rules effective in January 2013 also require VoIP service providers to certify compliance and maintain records that their products and services are accessible to people with disabilities, if such access is readily achievable. The FCC has also reaffirmed the obligation of other telecommunications carriers, such as ILECs, to interconnect with those local exchange carriers that are providing interconnection services to interconnected VoIP providers, although smaller rural local exchange carriers at times continue to resist such interconnection obligations. Certain states preclude the state public utility commissions from regulating the rates, terms and conditions or requiring the certification of interconnected VoIP services. Until the FCC or the courts expressly reassert preemption for fixed interconnected VoIP services, or the state legislatures in those states enact legislation precluding the state public utility commission from exercising jurisdiction over fixed interconnected VoIP, it is possible that those state public utility commissions or their state legislatures may do so.

The FCC has also undertaken comprehensive intercarrier compensation reform including the establishment of appropriate compensation applicable to VoIP interconnection on a going forward basis. Atlantic Broadband currently contracts with Net2Phone whereby Net2Phone assists Atlantic Broadband with provisioning capabilities and provides it with switching and termination of traffic to the public switched telephone network, delivery of enhanced Emergency 911 service, local number portability and operator and directory services pursuant to the Net2Phone Agreement.

The federal Universal Service program requires telecommunications providers to pay a fee based on revenues from such services into a fund used to subsidize the provision of telecommunications services in high-cost areas and to low-income consumers and the provision of Internet and telecommunications services to schools, libraries and certain health care providers. Some states have adopted similar programs. In October 2011, the FCC announced comprehensive reforms to the Universal Service Fund ("USF") to expand access to Internet and voice services nationwide and benefit consumers by accelerating the deployment of modern communications networks. The overhaul transforms universal service and intercarrier compensations systems into a new Connect America Fund ("CAF"), with the stated goal to connect all Americans to broadband. The CAF, with an annual budget up to US$4.5 billion, is expected to help connect seven million Americans to Internet and voice in rural America over the next few years.

3.2.7.3. Internet Services

In March 2002, the FCC ruled that cable modem service (that is, the provision of Internet access over cable system infrastructure) is an interstate information service, rather than a cable or telecommunications service. The United States Supreme Court affirmed this ruling in June 2005. This classification left cable modem service exempt from many of the burdens associated with traditional cable and telecommunications regulation for many years. In February 2015, however, the FCC reclassified broadband service as a telecommunications service, thereby making it subject to regulation under Title II of the Communications Act. Under the rules, broadband providers are prohibited from: 1) blocking access to lawful content; 2) throttling, impairing or degrading lawful Internet traffic on the basis of content; 3) engaging in paid prioritization, which favors some traffic over other traffic in exchange for consideration; and 4) unreasonably interfering with or disadvantaging the ability of consumers to access content and the ability of edge providers to make content available, subject to reasonable network management practices. Although the FCC exercised forbearance from several of the more onerous provisions of Title II, the FCC has the ability to review broadband service providers' conduct on a case-by-case basis, including their rates, terms and conditions. The FCC is currently reconsidering this reclassification. The adoption of new laws or the application of existing laws to the Internet could have a material adverse effect on Atlantic Broadband's Internet business.

3.2.8. FOREIGN OWNERSHIP RESTRICTIONS

There are no foreign ownership restrictions impacting the Corporation's ownership of Atlantic Broadband or prohibiting the Corporation from acquiring additional cable systems in the United States, subject to review by the Committee on Foreign Investment in the United-States.

3.2.9. TRADEMARKS

Atlantic Broadband has registered or applied for registration of several trademarks that are used in its business activities, which Atlantic Broadband regards as having significant value or as being important factors in the marketing of its services.

3.2.10. CYCLES

Atlantic Broadband's operating results are not generally subject to material seasonal fluctuations except as follows. The number of Internet and video services customers are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television programming seasons, and students leaving their campuses at the end of the school year. Atlantic Broadband offers its services to universities in the Pennsylvania region and to a lesser extent in South Carolina, eastern Connecticut and Maryland/Delaware in the United States. The Miami region is also subject to seasonal fluctuations due to the winter season residents returning home from late spring through the fall.

3.3. BUSINESS ICT SERVICES

3.3.1. CUSTOMERS

Cogeco Peer 1 provides colocation, network connectivity, hosting, cloud and an extensive portfolio of managed services through its data centers located in Canada, the United States and Europe to small, medium and large enterprises around the globe. Cogeco Peer 1 provides these services in the following key vertical markets: online retail, financial services, technology, public sector, education, health care, business services, manufacturing, media and online gaming.

3.3.2. SERVICES

The following services represent Cogeco Peer 1's core suite of offerings: colocation, network connectivity, hosting, cloud services and managed services.

Colocation

Colocation services allow customers to host "customer-owned" IT infrastructure within a Cogeco Peer 1 data centre where they benefit from a superior data centre environment, uninterruptible power sources and Cogeco Peer 1 FastFiber Network® connectivity infrastructure. These services include cabinets, cage space, redundant power supply, physical security and operational support. This type of solution also enables customers to further leverage other Cogeco Peer 1 services including cloud, backup and disaster recovery and managed services.

Network Connectivity

Cogeco Peer 1 operates an advanced high speed transport fibre optic network to serve its customers in the territories where it provides its services. This core backbone is equipped with state-of-the-art, carrier grade infrastructure connecting its data centres and facilities. The network has multiple interconnections with Tier 1 peering partners, carriers and extended geographic reach via leased facilities with third party carriers. Cogeco Peer 1 also owns and operates an all-optical fibre access network in Montréal and Toronto. These combined transport and access facilities enable Cogeco Peer 1 to provide an extensive suite of high performance network connectivity options including wavelength, Ethernet, IP virtual private network and high speed internet services.

Hosting

Cogeco Peer 1's hosting solution provides customers with access to server, computing power, storage, security and content distribution network infrastructure that are managed by Cogeco Peer 1's support teams, in order to host a customer's transactional web-site application.

Cloud

Cogeco Peer 1 provides customers with access to a suite of secure, high performance and scalable cloud platforms, for their compute and storage requirements. The cloud portfolio is comprised of public cloud platforms (multi-tenant infrastructure to support multiple customers), managed private cloud platforms (single tenant infrastructure dedicated to a single customer) and hybrid cloud platforms (integrated combination of public and private virtual machines and bare metal servers). Cogeco Peer 1's cloud platforms consist of wholly owned and managed computing infrastructure housed within company operated data centres located in Canada, the United States and Europe, as well as third party computing infrastructures. Cogeco Peer 1 also offers Microsoft's scalable Azure™ and Office 365™ cloud services.

Managed Services

Cogeco Peer 1's Managed services provide customers with value-added services to maximize the productivity of their IT environment. These services include:

- backup/disaster recovery, which provide customers with access to disk storage, tape archival and data replication services to protect a customer's data and applications in the event of a disaster. Cogeco Peer 1 works closely with customers to design solutions to meet customers' recovery time objectives, recovery point objectives and data residency/compliance requirements;

- e-commerce, which provides customers with access to fully managed hosted services including servers, storage, software, load-balancers, networking, security, in addition to support experts, to help manage e-Commerce online applications. The solution may also provide certain customers with access to payment card industry data security standard ("PCI-DSS") compliant environments for their online applications in select geographies; and

- security services, which provide customers with access to a suite of security services to help protect a customer environment from malwares, cyber-attacks or viruses. The service portfolio includes firewall, anti-virus/spam, content filtering, intrusion detection services ("IDS"), load-balancer, secure virtual private network, hardened operating systems and distributed denial of service ("DDOS") mitigation services and are supported around the clock by a team of security experts.

Additional Managed services are also available from Cogeco Peer 1 including server and operating system management, database management, application management and network element management.

3.3.3. INFRASTRUCTURE

As at August 31, 2017, Cogeco Peer 1 provided its services through 16 data centres in Canada, the United States and Europe, covering approximately 475,000 gross square feet, and more than 50 points of presence, including in Germany, the Netherlands and Mexico.

Cogeco Peer 1's data centres include highly secure and redundant IT infrastructure, including 24/7/365 monitoring, regulated climate control, power redundancy, support, and biometric security access. In addition, Cogeco Peer 1's data centres are designed, built, and operated to data centre industry standards in order to meet both service and compliance requirements of its enterprise customers.

3.3.4. THIRD-PARTY SUPPLIERS

Cogeco Peer 1 relies on facilities, equipment and services from various third party suppliers. Most of Cogeco Peer 1's data centres are located in leased premises, which require the execution of lease agreements with owners of these premises. Cogeco Peer 1's leases are usually in effect for terms of 10 to 20 years, typically with options to extend following the initial term of the lease. Cogeco Peer 1's data centre leases are renewed from time to time in the normal course of business. Lease renewals are usually for additional renewal periods of 5 to 10 years.

Cogeco Peer 1 has entered into interconnection and related agreements with network service providers and other carriers for transit and transport services, including an intercity fibre network that interconnects Cogeco Peer 1's data centres globally. In addition, Cogeco Peer 1 enters into interconnection arrangements with local exchange carriers in order to connect customers from their premises to the data centres or points of presence. The interconnection agreements between Cogeco Peer 1 and the various network service providers are renewed from time to time in the normal course of business.

Cogeco Peer 1 also operates in Montréal and Toronto wholly-owned fibre optic networks which require the execution of contracts with public utilities and municipalities in order to obtain cost-effective and timely access to municipal rights-of-way and existing public utility support structures. These contracts are renewed from time to time in the normal course of business.

3.3.5. EMPLOYEES

As at August 31, 2017, Cogeco Peer 1 had approximately 621 employees. Cogeco Peer 1 employees in Ontario representing approximately 12% of Cogeco Peer 1's aggregate workforce are subject to a collective bargaining agreement. This collective bargaining agreement is set to expire in January 2020. None of Cogeco Peer 1's employees outside of Ontario are represented by unions.

3.3.6. COMPETITIVE CONDITIONS

The markets in which the Business ICT services segment operates are highly competitive, constantly changing and fragmented. Competition in the Business ICT services segment includes local and regional, in addition to national and international competitors. Cogeco Peer 1 faces competition in relation with colocation, network connectivity, hosting, cloud services and managed services from Canadian network service providers (e.g., Bell, TELUS, Rogers), international managed services providers (e.g. Rackspace, Softlayer), large cloud services providers (Amazon and Microsoft), small regional and local specialized firms (Beanfield, Cogent) and in some cases from large system integrators (e.g., IBM, CGI).

3.3.7. REGULATORY REGIME

Business ICT services are less regulated than Canadian and American broadband services. Cogeco Peer 1 is nevertheless subject to various laws and regulations in the course of its business activities in the jurisdictions where it operates, including applicable laws and regulations dealing with international trade and foreign policies that restrict private trade with certain countries or individuals, environmental compliance, telecommunications, and privacy and data security.

In Canada, Cogeco Peer 1 specifically operates in the Canadian telecommunications market with respect to a subset of its services as a Canadian carrier, subject to the regulatory framework established by the CRTC under the *Telecommunications Act* (Canada). Cogeco Peer 1 is registered with the CRTC as a non-dominant carrier and hence is allowed to provide its connectivity services on a non-regulated tariff basis according to its own terms and conditions. Cogeco Peer 1 is also authorized to operate as a CLEC in some exchanges in Ontario and Québec. Finally, Cogeco Peer 1 holds a licence for the provision of basic international telecommunications services in Canada.

The use by Cogeco Peer 1 in Canada of support structures owned by incumbent telecommunications carriers or by electric power utilities and the access to municipal street allowances and property is regulated in the same way as for Cogeco Connexion activities, as described in Section 3.1.

Cogeco Peer 1 is subject to the *Personal Information Protection and Electronic Documents Act* (Canada) which sets out the rules regarding the collection, use and disclosure of personal information in the course of its commercial activities and interactions with its customers and other parties entrusting personal information to Cogeco Peer 1. Cogeco Peer 1 is also subject to regulatory requirements from the European Commission respecting the protection of personal information data, including the European Data Protection Directive, as well as the General Data Protection Regulation, which is expected to replace the European Data Protection Direction in May 2018.

From time to time, Cogeco Peer 1 is also required by law enforcement agencies that have proper jurisdiction to disclose personal information about third parties, but only following due process established internally, and when the request is supported by a judicial order, a valid warrant or as Cogeco Peer 1 may otherwise be compelled by applicable law.

3.3.8. TRADEMARKS

Cogeco Peer 1 has registered or applied for registration of certain trademarks that are used in its business activities, which its regards as having significant value or as being important factors in the marketing of its services.

3.3.9. CYCLES

Cogeco Peer 1 operating results are not subject to material seasonal fluctuations.

4. REORGANIZATIONS

4.1. COGECO CONNEXION

On September 1, 2016, the partnership structure previously put in place for the Canadian Broadband services was dissolved. The assets and liabilities of the Canadian partnerships (Cogeco Cable Canada Limited Partnership and Cogeco Cable Québec General Partnership) were transferred and assumed by their sole partner Cogeco Cable Canada GP Inc., which changed its name on that same date to Cogeco Connexion Inc.

4.2. ATLANTIC BROADBAND

On August 20, 2015, Atlantic Broadband Finance LLC incorporated a new subsidiary, Atlantic Broadband (CT) LLC to complete the acquisition of the Connecticut System.

4.3. COGECO PEER 1

On May 5, 2015, the Corporation announced the operational, financial and organizational restructuring of the Business ICT services segment by combining the strengths of its two business units Peer 1 and Cogeco Data Services to form Cogeco Peer 1. On September 1, 2016, Peer 1 Network Enterprises Inc. and Cogeco Data Services Inc. were formally amalgamated to become Cogeco Peer 1 (Canada) Inc.

5. FOREIGN OPERATIONS

The American Broadband services activities are carried out by Atlantic Broadband in western Pennsylvania, south Florida, Maryland/Delaware, South Carolina, eastern Connecticut and Massachusetts, where it has its head office.

Cogeco Peer 1 conducts part of its activities in the United States (California, Texas, Virginia, Florida and Georgia) and Europe (the United Kingdom and France).

The revenues of the Corporation in the United States and in Europe represent respectively 31.1% and 1.3% of the consolidated revenues of the Corporation.

The Corporation incorporated subsidiaries in Luxembourg to facilitate the transactions and reorganizations related to the acquisitions of Atlantic Broadband, Peer 1 and the Connecticut System, namely Cogeco International I S.à.r.l., Cogeco International II S.à.r.l., Cogeco International II A S.à.r.l. and Cogeco International III S.à.r.l.

6. RISK FACTORS

The business as 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 of the Corporation's Annual Report for the year ended August 31, 2017 which is incorporated herein by reference, as supplemented in the "Uncertainties and Main Risk Factors" 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's quarterly eligible dividends on the Multiple Shares and Subordinate Shares have been increasing over the last three fiscal years, from $0.255 per share in fiscal 2015, to $0.295 per share in fiscal 2016 and to $0.34 per share in fiscal 2017.

In accordance with the credit agreement and indentures governing the debt instruments of the Corporation, Cogeco is subject to certain restrictions on the level of dividends it may pay and would not be able to pay dividends if an event of default has occurred and is continuing.

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 Shares, Multiple Shares, Class A shares and Class B shares. As at August 31, 2017, 1,842,860 Multiple Shares and 14,750,245 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 twenty votes per share.

Dividends
Subject to the prior rights of the holders of the Class A shares and Class B shares, the holders of Subordinate Shares and Multiple Shares shall be entitled equally, 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.

Dissolution
The holders of Subordinate Shares and Multiple Shares shall be entitled to share equally in any distribution of the assets of Cogeco 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
If a takeover bid (as defined in the Articles of the Corporation) is made for the Multiple Shares and subject to certain conditions, including the acceptance of such takeover bid by the majority holder, each Subordinate Shares shall become, upon such takeover bid, convertible into one Multiple Share, at the option of the holder, in order to allow such holder to participate in the takeover bid and accept it, and for these purposes only, provided that the takeover bid is completed by the offeror.

8.1.2. CLASS A SHARES

Series
Class A 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 *Québec Business Corporations Act*, the provisions in the Articles of the Corporation and the provisions attaching to any series of Class A shares outstanding, to determine, from time to time, prior to issue, the number of shares of each series of Class A shares and the consideration per share, as well as their designation and the rights, privileges, conditions and restrictions attaching thereto.

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 or series.

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 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 *Québec Business Corporations Act*.

Dissolution
The holders of the Class A shares shall be entitled to receive, in priority to the Class B shares, the Subordinate Shares and the Multiple Shares, 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 A shares, all unpaid cumulative dividends, and, in the case of non-cumulative Class A 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.

8.1.3. 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 *Québec Business Corporations Act*, the provisions in the Articles of the Corporation and the provisions attaching to any series of Class B shares outstanding, to determine, 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 *Québec 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 82 of the *Québec 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 as well as prohibit the voting of equity shares in circumstances in which there is a contravention of the *Broadcasting Act* (Canada) or of any such directions or conditions of licence.

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 and radio, 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 OF MAJOR SUBSIDIARIES

The table below shows Cogeco Communications' and Atlantic Broadband's credit ratings:

AT AUGUST 31, 2017	S&P	DBRS	FITCH	MOODY'S
COGECO COMMUNICATIONS				
SENIOR SECURED NOTES AND DEBENTURES	BBB	BBB(LOW)	BBB-	NR
SENIOR UNSECURED NOTES	BB-	BB	BB+	NR
ATLANTIC BROADBAND				
FIRST LIENS CREDIT FACILITIES	BB	NR	NR	Ba3

NR : NOT RATED

Pursuant to the announcement of the MetroCast acquisition, all credit ratings for Cogeco Communications and Atlantic Broadband were confirmed. However, the credit rating on Atlantic Broadband's First Lien Credit Facilities to be issued at the closing of the MetroCast acquisition will be downgraded to "B1" and "BB-" by Moody's and S&P, respectively.

Cogeco Communications' and Atlantic Broadband's ability to access debt capital markets and bank credit markets and the cost and amount of funding available partly depends on the quality of their credit ratings. Obligations rated in the "BBB" category are considered investment grade and cost of funding is typically lower relative to the “BB/B” rating category. In addition, obligations with “BBB” ratings generally have greater access to funding than those with “BB/B” ratings.

9. MARKET FOR SECURITIES

The Subordinate Shares of Cogeco are listed on the TSX under the symbol CGO.

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 2016	52.35	49.85	401,037
OCTOBER 2016	52.00	49.16	343,227
NOVEMBER 2016	55.63	47.55	468,518
DECEMBER 2016	56.72	53.45	205,308
JANUARY 2017	63.44	55.88	307,496
FEBRUARY 2017	63.56	61.55	176,415
MARCH 2017	62.25	58.70	168,967
APRIL 2017	68.78	58.30	228,584
MAY 2017	70.00	65.91	161,353
JUNE 2017	69.03	65.94	142,261
JULY 2017	77.20	65.31	287,670
AUGUST 2017	82.75	75.32	367,703

10. DIRECTORS AND EXECUTIVE OFFICERS

10.1. DIRECTORS

The table below lists Cogeco’s directors, their municipality of residence and their current principal occupation as at September 1, 2017. 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	COGECO DIRECTOR SINCE	CURRENT PRINCIPAL OCCUPATION
LOUIS AUDET[(1)], ENG., MBA, C.M. WESTMOUNT, QUÉBEC	1984	PRESIDENT AND CHIEF EXECUTIVE OFFICER OF COGECO AND OF COGECO COMMUNICATIONS
MARY-ANN BELL, ENG., M.S.C., ASC MONTRÉAL, QUÉBEC	2016	CORPORATE DIRECTOR
JAMES C. CHERRY, B.COM, FCPA, FCA MONTRÉAL, QUÉBEC	2016	CORPORATE DIRECTOR
PIERRE L. COMTOIS, B. SC. COM., ADM.A. MONTRÉAL, QUÉBEC	2003	VICE-CHAIRMAN OF THE BOARD AND DIRECTOR, OPTIMUM ASSET MANAGEMENT INC. (INVESTMENT MANAGEMENT COMPANY)
CLAUDE A. GARCIA, B.A., B.COM. MONTRÉAL, QUÉBEC	2003	CORPORATE DIRECTOR
NORMAND LEGAULT, B.B.A. MONTRÉAL, QUÉBEC	2012	CORPORATE DIRECTOR
DAVID MCAUSLAND, B.C.L., LL.B. BAIE-D’URFÉ, QUÉBEC	1999	PARTNER, MCCARTHY TÉTRAULT (LAW FIRM)
JAN PEETERS MONTRÉAL, QUÉBEC	1998	CHAIRMAN OF COGECO AND OF COGECO COMMUNICATIONS, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND CHAIRMAN, OLAMETER INC. (TELEMETRY)

(1) MR. AUDET IS A FORMER DIRECTOR OF TQS INC., WHICH FILED FOR PROTECTION UNDER THE *COMPANIES CREDITOR ARRANGEMENT ACT* ON DECEMBER 18, 2007 AND ITS SHARES WERE SOLD WITH COURT APPROVAL IN AUGUST, 2008.

Past Occupations
Cogeco's directors have held the respective positions listed in the table above or other executive functions with the same corporation during the past five years or more, except as follows:

- Ms. Bell has been a corporate director since 2014. She pursued her career in telecommunications for more than 30 years being at Bell Canada, from 1982 to 2006, and at Bell Aliant Regional Communications from 2006 to 2014, including as Senior Vice President, Québec and Ontario from 2009 to 2014.

- Mr. Cherry has been a corporate director since 2016. He was President and Chief Executive Officer of Aéroports de Montréal (ADM) from 2001 to 2016. He has over 35 years of experience in general management and more specifically in project and financial management in the international aerospace, defense and rail sectors. Over this period he has worked in senior executive positions with Bombardier Inc., Oerlikon Aerospace Inc., CAE Inc. and ALSTOM Canada.

- Mr. Legault has been a corporate director since 2017. He was Chief Executive Officer of Solotech Group Inc. from 2015 to June 2017 (on which he still serves as Chairman of the Board). He held several positions from 1989 to 2009 within the Grand Prix F1 of Canada including being President and Chief Executive Officer from 1996 to 2009. Prior to that, he was Vice President of The Alouettes Montréal Football Club from 1986 to 1987.

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
JAMES C. CHERRY(1)	MARY-ANN BELL	MARY-ANN BELL(1)	LOUIS AUDET(1)
PIERRE L. COMTOIS	CLAUDE A. GARCIA	PIERRE L. COMTOIS	CLAUDE A. GARCIA
CLAUDE A. GARCIA	DAVID MCAUSLAND(1)	DAVID MCAUSLAND	NORMAND LEGAULT
NORMAND LEGAULT			DAVID MCAUSLAND

(1) COMMITTEE CHAIR

Mr. Jan Peeters, Board Chair, is entitled to attend as an observer and to participate in meetings of the Audit, Human Resources, Corporate Governance and Strategic Opportunities Committees.

10.2. EXECUTIVE OFFICERS
The table below lists Cogeco's executive officers, their municipality of residence and the position that they held at Cogeco as at September 1, 2017:

NAME	MUNICIPALITY OF RESIDENCE	POSITION OCCUPIED
LOUIS AUDET	WESTMOUNT, QUÉBEC	PRESIDENT AND CHIEF EXECUTIVE OFFICER
ELIZABETH ALVES	STE-JULIE, QUÉBEC	VICE PRESIDENT, INTERNAL AUDIT AND RISK MANAGEMENT
PHILIPPE BONIN	MONTRÉAL, QUÉBEC	VICE PRESIDENT, CORPORATE DEVELOPMENT
NATHALIE DORVAL	MONTRÉAL, QUÉBEC	VICE PRESIDENT, REGULATORY AFFAIRS AND COPYRIGHT
RENÉ GUIMOND	MONTRÉAL, QUÉBEC	SENIOR VICE PRESIDENT, PUBLIC AFFAIRS AND COMMUNICATIONS
CHRISTIAN JOLIVET	MONTRÉAL, QUÉBEC	SENIOR VICE PRESIDENT, CORPORATE AFFAIRS, CHIEF LEGAL OFFICER AND SECRETARY
RICHARD LACHANCE	SAINTE-ANNE-DE-LA-PÉRADE, QUÉBEC	PRESIDENT AND CHIEF EXECUTIVE OFFICER, COGECO MÉDIA
PIERRE MAHEUX	BOUCHERVILLE, QUÉBEC	VICE PRESIDENT, CORPORATE CONTROLLER
LUC NOISEUX	MONTRÉAL, QUÉBEC	SENIOR VICE PRESIDENT AND CHIEF TECHNOLOGY AND STRATEGY OFFICER

NAME	MUNICIPALITY OF RESIDENCE	POSITION OCCUPIED
DIANE NYISZTOR	SAINT-LAMBERT, QUÉBEC	SENIOR VICE PRESIDENT, CORPORATE HUMAN RESOURCES
PATRICE OUIMET	SAINT-LAMBERT, QUÉBEC	SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
ANDRÉE PINARD	TOWN OF MOUNT-ROYAL, QUÉBEC	VICE PRESIDENT AND TREASURER

PAST OCCUPATIONS

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

- Philippe Bonin has been, since March 7, 2016, Vice President, Corporate Development of Cogeco and Cogeco Communications. Prior to joining the Corporation, he spent 10 years at TC Transcontinental, first as Senior Director of Mergers/Acquisitions and Business Integration and more recently as Corporate Treasurer from September 2010 to March 2016. Prior to that, he acquired expertise in the telecom and media sectors while working at Telesystem International Wireless and at the Caisse de dépôt et placement du Québec, where he was part of the team in charge of private equity investments in these sectors.

- Nathalie Dorval has been, since September 1, 2014, Vice President, Regulatory Affairs and Copyright of Cogeco and since September 30, 2013, of Cogeco Communications. Prior to joining the Corporation, she worked at Astral Media for the previous sixteen years, where she undertook diverse roles, latterly as Vice President, Regulatory Affairs.

- Luc Noiseux has been, since August 22, 2016, Senior Vice President and Chief Technology and Strategy Officer of Cogeco and Cogeco Communications. Prior to joining the Corporation, he was Vice President R&D and head of the CTO office at Accedian Networks from October 2014 to July 2016. Previously, he held several senior research and development roles at Alcatel-Lucent, including Senior Director Wireless Systems from 2008 to 2014.

- Diane Nyisztor has been, since October 28, 2015, Senior Vice President, Corporate Human Resources of Cogeco and Cogeco Communications. Prior to that, she was Vice President, Corporate Human Resources of Cogeco and Cogeco Communications from October 31, 2014 to October 27, 2015. Prior to joining the Corporation, she worked at KPMG as Partner, International Executive Services from September 2013 to September 2014. Prior to that, she worked at SNC Lavalin Group Inc. as Senior Vice President, Compensation and Benefits from January 2011 to May 2013 and as Senior Vice President, Global Human Resources from September 2004 to December 2010.

- Patrice Ouimet has been, since November 17, 2014, Senior Vice President and Chief Financial Officer of Cogeco and Cogeco Communications. Prior to joining the Corporation, he was Senior Vice President and Chief Financial Officer at Enerkem Inc. from February 2010 to 2014. Previously, he served as Vice President, Corporate Development and Enterprise Risk Management at Gildan Activewear Inc. He also worked for the previous ten years in the investment banking sector, serving as Director, Investment Banking at Lazard Limited and Vice President, Investment Banking at CIBC World Markets Inc.

As at September 1, 2017, the directors and executive officers of the Corporation named above, as a group, beneficially owned, directly or indirectly, controlled or directed:

- 3,200 Multiple Shares of the Corporation representing 0.2% of the outstanding shares of such class.

- 150,759 Subordinate Shares of the Corporation, representing 1.02% of the outstanding shares of such class.

11. LEGAL PROCEEDINGS

The Corporation is involved in various claims and litigation in the ordinary course 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 July 17, 2017, Cogeco Communications entered into a purchase agreement for the acquisition of substantially all of the assets of MetroCast's cable systems (see heading 2.2. "Significant Acquisition").

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Cogeco holds 31.7% of Cogeco Communications' equity shares, representing 82.3% of the Cogeco Communications' voting shares.

Cogeco provides executive, administrative, financial and strategic planning services and other services to Cogeco Communications under a Management Services Agreement. Under the Agreement, management fees are payable on a monthly basis, representing 0.85% of the consolidated revenue of Cogeco Communications. In addition, Cogeco Communications reimburses Cogeco's out-of-pocket expenses incurred with respect to services provided to Cogeco Communications under the Management Services Agreement. Provision is made for future adjustment upon the request of either Cogeco or Cogeco Communications should the level of management fees no longer align with the costs, time and resources committed by Cogeco.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during fiscal 2017, Cogeco Communications granted 81,350 (74,750 in 2016) stock options, did not grant any incentive share units ("ISUs") (nil in 2016) and granted 12,150 (11,950 in 2016) performance share units ("PSUs") to these executive officers as executive officers of Cogeco Communications. During fiscal 2017, Cogeco Communications charged Cogeco $652,000 ($616,000 in 2016), $39,000 ($330,000 in 2016) and $660,000 ($501,000 in 2016), respectively, with regard to Cogeco Communications' stock options, ISUs and PSUs granted to these executive officers.

On August 2, 2016 an intercompany loan agreement was concluded between Cogeco Communications and Cogeco, by which a revolving credit facility of $40 million was established in favour of Cogeco Communications. The intercompany loan was fully repaid by Cogeco Communications during the third quarter of fiscal 2017.

There were no other material related party transactions during the periods covered.

15. AUDIT COMMITTEE DISCLOSURE

15.1. CHARTER

PURPOSE

Financial reporting and disclosure by Cogeco represents a major aspect of the management of the Corporation's global business and affairs.

The Board is responsible to oversee financial reporting and disclosure of the Corporation.

To assist the Board of Directors in its monitoring of the Corporation's consolidated financial reporting and disclosure, the Board of Directors has established 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 consolidated financial statements of the Corporation.

The purpose of the Board of Directors' oversight of the Corporation's financial reporting and disclosure is to gain reasonable assurance, through the Audit Committee, that the following objectives are being met:

(c) that the Corporation and its subsidiaries comply with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;

(d) that the accounting policies and practices, significant judgments and disclosures which underlie or are incorporated in the Corporation's consolidated financial statements are the most appropriate in the prevailing circumstances;

(e) that the Corporation's quarterly and annual consolidated financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with International Financial Reporting Standards ("IFRS");

(f) that there is an effective system of internal controls; and

(g) 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.

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 consolidated financial statements and disclosures are complete and accurate, and in accordance with IFRS and applicable rules and regulations. These are the responsibilities of senior 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, and in compliance with *National Instrument 52-110* ("NI 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 NI 52-110, all members of the Audit Committee should be "financially literate" and, as such, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breath and complexity of the issues that can reasonably be expected to be raised by the Corporation's consolidated 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:

(h) Consolidated financial statements of the Corporation represented to him or her by the President and Chief Executive Officer ("President and CEO") or Senior Vice President and Chief Financial Officer ("CFO") of the Corporation or in a written report of the External Auditors to present fairly the consolidated financial position of the Corporation in accordance with IFRS; and

(i) 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 members of the Board of Directors 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 and that a proper system of internal controls is in place, so as to report accordingly to the Board of Directors. These duties extend to evaluating and, where appropriate, recommending replacement of the External Auditors.

OPERATING PRINCIPLES AND GUIDELINES

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

(j) The Committee Chair and the other Audit Committee members have direct, open and frank communications throughout the year with senior Management, other committee chairs and Board members, the External Auditors, the Vice President, Internal Audit and Risk Management and other key committee advisors as applicable.

(k) The Committee, in consultation with senior 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.

(l) The Audit Committee, in consultation with senior 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 consolidated financial presentation and disclosure.

(m) The Audit Committee meeting agendas are the responsibility of the Committee Chair in consultation with Committee members, senior Management, the Vice President, Internal Audit and Risk Management and the External Auditors, as appropriate.

(n) The Committee communicates its expectations to senior Management, the Vice President, Internal Audit and Risk Management and the External Auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from senior Management, the Vice President, Internal Audit and Risk Management and the External Auditors and posted on the electronic portal of the Corporation one week in advance of meeting dates for all the topics on the agenda.

(o) 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.

(p) The Committee may, in addition to the External Auditors, at the expense of the Corporation and after consultation with senior Management, engage independent counsel or other advisors, which the Committee determines are necessary to carry out its duties.

(q) At each regular scheduled meeting of the Committee, the Committee members meet in private sessions among themselves only; with the External Auditors only; with the Vice President, Internal Audit and Risk Management only and with representatives of senior Management only.

(r) The Committee, through its Chair, reports after each Committee meeting to the Board of Directors at its next regular meeting or earlier if required.

(s) 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 CFO of the Corporation, the Vice President, Internal Audit and Risk Management 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 consolidated 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 consolidated financial statements, the Management's Discussion and Analysis ("MD&A") 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, annual information form or any other public documents containing consolidated financial statements of the Corporation, and recommend their approval to the Board of Directors.

- Review, before they are released, the guidance provided to financial markets and financial institutions.

- Review the reports of the Disclosure Committee of the Corporation.

- Discuss with senior Management any significant variances between comparative reporting periods and across comparable business units.

ACCOUNTING POLICIES

- Review, with senior Management and the External Auditors, any proposed changes in securities policies or regulations and/or major accounting policies, and key estimates and judgments that may be material to financial reporting of the Corporation and probe whether the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances.

- Report to the Board in a timely fashion on any proposed changes in securities policies or regulations and/or major accounting policies and key estimates and judgments that may be material to financial reporting and entail significant actual or potential liabilities, contingent or otherwise.

- Discuss with senior Management and the External Auditors the clarity and completeness of the Corporation's consolidated financial disclosures.

- Review, whenever there are significant changes in accounting policies and disclosure requirements, benchmarks submitted by Management of the Corporation's accounting policies and disclosure to those followed in its industry.

RISKS AND UNCERTAINTIES

- Review the principal business risks facing the Corporation and its subsidiaries identified by senior Management, in the context of its global business and affairs (the "Principal Business Risks") and oversee the implementation by senior Management of appropriate measures to manage these risks.

- Develop reasonable assurance that the Principal Business Risks are effectively being mitigated and controlled by:

  (i) reviewing with senior Management an updated list of such risks as well as ongoing or special actions undertaken to manage each one of these identified risks;

  (ii) discussing with senior Management its assessment of the residual exposure to the Corporation if any, ensuing from their management of such risks; and

  (iii) enquiring of senior Management whether existing policies, processes and programs are appropriate to identify, manage and control such risks.

- Review, at least annually, the appropriateness of insurance coverage maintained by the Corporation and its subsidiaries.

- Review quarterly updates of the Corporation's and its subsidiaries' 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 consolidated financial statements.

- Review, at least annually, the appropriateness of foreign currency, interest rate and other financial risk mitigation practices such as the use of derivative financial instruments.

- Review, at least annually, the list of guarantees provided by the Corporation and its subsidiaries.

FINANCIAL CONTROLS AND DEVIATIONS

- Review annually the plans of the Vice President, Internal Audit and Risk Management and of the External Auditors to gain reasonable assurance that the proposed combined evaluation and testing of the internal controls are appropriate to cover significant risks, comprehensive, coordinated and cost effective.

- Review with senior Management of the Corporation any significant changes to the internal control environment and measures implemented, if any, to address identified control deviations.

- Review procedures for public disclosure of financial information extracted from the Corporation's consolidated 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 or auditing matters.

- Receive quarterly reports from the Vice President, Internal Audit and Risk Management 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 CEO and the CFO's certification and be satisfied that they constitute a reasonable approach and are diligently performed.

- Review all design and operational effectiveness weaknesses in internal control over Financial Reporting and disclosure controls and procedures that, individually and/or in combination 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.

COMPLIANCE WITH LAWS AND REGULATIONS

- Review regular reports from Management concerning the Corporation's and its subsidiaries' 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 auditors' 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.

- Perform a comprehensive review of the External Auditors not less often than every five years.

- 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 senior Management and the Corporation's Internal and External Auditors to assist the Committee in monitoring 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 of recommendations for improvement and the External Auditors' final report.

- Resolve disagreements between senior 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 by the External Auditors, subject to the exemptions provided for in NI 52-110 and delegate the administration of the pre-approved non-audit services to the Vice President, Corporate Controller. The Vice President, Corporate Controller will report quarterly to the Audit Committee the amounts that were incurred for such services.

- 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 at each quarter confirmation from the External Auditors that there are no defects in their quality control systems according to the CPAB and/or that they have not been subject to any sanction by the CPAB.

- Review with the External Auditors the inspection findings of the CPAB that are communicated in confidence to the External Auditors when and if the audit file of the Corporation has been subject to a review by the CPAB.

RELATIONSHIP WITH THE VICE PRESIDENT, INTERNAL AUDIT AND RISK MANAGEMENT

- Review the appointment and replacement of the Vice President, Internal Audit and Risk Management and report such to the Board.

- Review and approve the Vice President, Internal Audit and Risk Management's annual plan and schedule of audit assignments and annual budget.

- Review a 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 Vice President, Internal Audit and Risk Management 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 Vice President, Internal Audit and Risk Management to ensure that organizational independence is effectively achieved and that the Vice President, Internal Audit and Risk Management has direct reporting and access to the Committee on matters affecting the Committee's duties.

- Encourage the Vice President, Internal Audit and Risk Management to share his or her 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 quarterly the list of related party transactions between the Corporation and Cogeco Communications, as per International Accounting Standard ("IAS") 24.

- Review annually the estimated fees to be paid by Cogeco Communications to the Corporation under the Amended and Restated Management Services Agreement.

- 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 composed of four directors: Mr. James C. Cherry, Committee Chair, Mr. Pierre L. Comtois, Mr. Claude A. Garcia and Mr. Normand Legault, who satisfy the independence requirements set out within NI 52-110 of the Canadian Securities Administration.

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 in 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.

James C. Cherry — Mr. Cherry is a corporate director. He was President and Chief Executive Officer of Aéroports de Montréal (ADM) from 2001 to 2016. He has over 35 years of experience in general management and more specifically in project and financial management in the international aerospace, defense and rail sectors. Over this period he has worked in senior executive positions with Bombardier Inc., Oerlikon Aerospace Inc., CAE Inc. and ALSTOM Canada. He is a director of Logistec Inc. (a reporting issuer with activities in marine and environmental services) and is the Chairman of its Audit Committee. Mr. Cherry also serves as a director of several non profit organisations, such as the Conference Board of Canada, where he also chairs the Audit and Finance Committee, the Mount-Royal Club and Centraide - United Way Canada. He is co-Chair of the 2017 campaign for Centraide of Greater Montreal.

Pierre L. Comtois — Mr. Comtois has been, since January 2007, Vice Chairman of the Board and director of Optimum Asset Management Inc. Previously, he was successively Executive Vice President, Finance and Treasurer (1992 to 1996) of Optimum Group Inc. (Canadian private international financial group) and President and General Manager (1996 to 2006) of Optimum Asset Management Inc. From 1982 to 1992, he was Vice President and General Manager, Finance of General Trust of Canada. He is a director of Optimum

Group Inc., and Optimum Vie (France). He was formerly a director of Banque Martin Maurel (France). Mr. Comtois has also served as a director of Fondation du Grand Montréal, Fondation Centraide and l'Opéra de Montréal.

Claude A. Garcia — Mr. Garcia is a corporate director. From June 1993 to December 2004, he was President, Canadian Operations of The Standard Life Assurance Company. Prior to that, he was its Senior Vice President and Actuary and then Executive Vice President and Chief Operating Officer. He is a director of Goodfellow Inc. (a lumber and wood products distributor), which is a reporting issuer and on which he chairs the Board and the Compensation Committee. He was formerly a director of BTB Real Estate Investment Trust, which is a reporting issuer and on which he chaired the Audit Committee and was a member of the Governance and Human Resources Committees. Mr. Garcia is a member of the Board and member of the Committee on Standards of OmbudService for Life & Health Insurance. He has also served as director with numerous corporations, both public and private, including, among others, The Standard Life Assurance Company, the YMCA Foundation of Montreal, the Clinical Research Institute of Montreal and the Montreal Exchange.

Normand Legault — Mr. Legault is a corporate director. He was Chief Executive Officer of Solotech Group Inc. from 2015 to June 2017. He held several positions from 1989 to 2009 within the Grand Prix F1 of Canada including being President and Chief Executive Officer from 1996 to 2009. Prior to that, he was Vice President of The Alouettes Montréal Football Club from 1986 to 1987. As an entrepreneur, he was also involved in launching various enterprises in the graphic design and event organization industries. Mr. Legault currently serves as Chairman of the Aéroports de Montréal (ADM) and of Solotech Group Inc. He is also a director of Dorna Sports. He has served as a Director with numerous corporations, both private and public, including, among others, Distinction Group Inc., Société Générale de Financement, Société de la Place des Arts de Montréal and the Board of Trade of Metropolitan Montréal.

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 other than Cogeco Communications and 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 LLP, for the fiscal years 2017 and 2016:

CATEGORY OF FEES

	2017	2016
	$	$
AUDIT FEES(1)	**1,653,224**	1,735,342
AUDIT-RELATED FEES(2)	**303,366**	157,029
TAX FEES(3)	**725,783**	433,200
OTHER FEES(4)	**4,858**	17,347
TOTAL	**2,687,231**	2,342,918

(1) "AUDIT FEES" INCLUDE MAINLY FEES FOR ANNUAL AUDIT AND QUARTERLY REVIEWS OF THE CORPORATION AND SOME OF ITS SUBSIDIARIES, INCLUDING ATLANTIC BROADBAND AND COGECO PEER 1, AS WELL AS TRANSLATION SERVICES.

(2) "AUDIT-RELATED FEES" INCLUDE MAINLY FEES RELATED TO FINANCINGS, ACQUISITIONS, FINANCIAL INFORMATION PRESENTATION AND CERTIFICATION AND ANNUAL AUDIT FEES IN RESPECT OF THE CORPORATION'S PENSION BENEFIT PLANS. IN 2017, THE INCREASE IN AUDIT-RELATED FEES IS MAINLY ATTRIBUTABLE TO THE METROCAST ACQUISITION EXPECTED TO CLOSE IN JANUARY 2018.

(3) "TAX FEES" INCLUDE TAX COMPLIANCE, TAX PLANNING RELATED TO ACQUISITIONS AND TAX ADVISORY SERVICES. IN 2017, THE INCREASE IN TAX FEES IS MAINLY RELATED TO THE METROCAST ACQUISITION EXPECTED TO CLOSE IN JANUARY 2018.

(4) "OTHER FEES" INCLUDE FEES FOR SERVICES NOT INCLUDED IN THE ABOVE CATEGORIES.

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, as well as corporate governance matters, is contained in the Corporation's 2017 information circular. 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, 2017. This and other information relating to the Corporation is available on Internet at www.sedar.com or corpo.cogeco.com.