

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at August 31:

Years ended August 31,	2019	2018
Outstanding, beginning of the year	105,475	101,538
Granted	37,600	47,900
Distributed	(44,470)	(35,892)
Cancelled	(26,780)	(8,071)
<b>Outstanding, end of the year</b>	<b>71,825</b>	105,475

A compensation expense of \$2,046,000 (\$2,461,000 in 2018) was recorded for the year ended August 31, 2019 related to this plan.

## PSU plan

The Corporation also offers a Performance Share Unit ("PSU") Plan for the benefit of its executive officers and designated employees. The objectives of the PSU Plan are to retain executive officers and designated employees, to align their interests with those of the shareholders and to sustain positive corporate performance, as measured by an economic value creation formula, a performance measure used by management. The number of PSUs is based on the dollar value of the award and the average closing stock price of the Corporation for the previous twelve month period ending August 31. The PSUs vest over a three-year less one day period, based on the level of increase in the economic value of the Corporation or the relevant subsidiary for the preceding three-year period ending August 31, meaning that no vesting will occur if there is no increase in the economic value. The participants are entitled to receive dividend equivalents in the form of additional PSUs but only with respect to vested PSUs. PSUs are redeemable in case of death, permanent disability, normal retirement or termination of employment not for cause, in which cases, the holder of PSUs is entitled to payment of the PSUs in proportion to the time of employment from the date of the grant to the date of termination versus the three-year less one day vesting period. A trust was created for the purpose of purchasing these shares on the stock market in order to protect against stock price fluctuation and the Corporation instructed the trustee to purchase subordinate voting shares of the Corporation on the stock market. These shares are purchased and are held in trust for the participants until they are fully vested. The trust, considered as a special purpose entity, is consolidated in the Corporation's financial statements with the value of the acquired subordinate voting shares held in trust under the PSU Plan presented in reduction of share capital.

Under the PSU Plan, the following PSUs were granted by the Corporation and are outstanding at August 31:

Years ended August 31,	2019	2018
Outstanding, beginning of the year	133,181	115,207
Granted <sup>(1)</sup>	45,800	65,525
Performance-based additional units granted	200	2,639
Distributed	(43,319)	(41,441)
Cancelled	(31,889)	(12,184)
Dividend equivalents	3,578	3,435
<b>Outstanding, end of the year</b>	<b>107,551</b>	133,181

(1) For the year ended August 31, 2019, the Corporation granted 14,625 (19,025 in 2018) PSUs to Cogeco's executive officers as executive officers of the Corporation.

A compensation expense of \$1,400,000 (\$2,198,000 in 2018) was recorded for the year ended August 31, 2019 related to this plan.

## DSU plan

The Corporation also offers a Deferred Share Unit ("DSU") Plan for members of the Board to assist in the attraction and retention of qualified individuals to serve on the Board of the Corporation. Each existing or new member of the Board may elect to be paid a percentage of the annual retainer in the form of DSUs with the balance, if any, being paid in cash. The number of DSUs that a member is entitled to receive is based on the average closing price of the subordinate shares on the TSX for the twenty consecutive trading days immediately preceding by one day the date of issue. Dividend equivalents are awarded with respect to DSUs in a member's account on the same basis as if the member was a shareholder of record of subordinate shares on the relevant record date, and the dividend equivalents are credited to the individual's account as additional DSUs. DSUs are redeemable and payable in cash or in shares, upon an individual ceasing to be a member of the Board or in the event of the death of the member.

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at August 31:

Years ended August 31,	2019	2018
Outstanding, beginning of the year	42,607	40,446
Issued	11,328	6,662
Redeemed	(12,351)	(5,549)
Dividend equivalents	1,095	1,048
<b>Outstanding, end of the year</b>	<b>42,679</b>	42,607

A compensation expense of \$1,792,000 (compensation expense reduction of \$181,000 in 2018) was recorded for the year ended August 31, 2019 related to this plan.