PRESS RELEASE
For immediate release

Continued growth for Cogeco Cable in the first quarter and upward revision of its fiscal 2010 guidelines

Montréal, January 13, 2010 – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the first quarter of fiscal 2010, ended November 30, 2009.

For the first quarter of fiscal 2010:

- Revenue increased by 6% to reach $317.4 million;
- Operating income before amortization[(1)] grew by 5.9% to reach $122.6 million;
- Net income amounted to $56.7 million. Excluding a favourable income tax adjustment of $29.8 million related to the reduction of Ontario provincial corporate income tax rates, adjusted net income[(1)] would have amounted to $26.9 million, an increase of $3.9 million, or 17.2%, compared to $22.9 million for the first quarter of fiscal 2009;
- Free cash flow[(1)] reached $62 million for the quarter, representing an increase of $44.2 million when compared to the first quarter of fiscal 2009;
- Operating margin[(1)] for the quarter remained the same as the in the prior year at 38.6%;
- Revenue-generating units ("RGU")[(2)] grew by 89,785 net additions in the quarter, for a total of 2,982,023 RGU at November 30, 2009.

"Cogeco Cable's financial results for the first quarter of fiscal 2010 exhibit continued RGU, revenue and operating income before amortization progression for the Corporation. Our Canadian operations have grown at a steady pace, as demonstrated by net additions of 63,172 RGU. In our European operations, the first quarter results evidence that our customer base has begun to stabilize as a result of the customer retention and acquisition plans implemented in response to the difficult competitive environment experienced in the prior year, with a growth of 26,613 RGU. In light of these positive results, management has revised most of its guidelines for the 2010 fiscal year. Projected RGU growth, revenue, operating income before amortization, net income and free cash flow have been increased to reflect the impact and the expected trend generated by the favourable financial results in the first quarter of the year", declared Louis Audet, President and CEO of Cogeco Cable.

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(1) The indicated terms do not have standard definitions prescribed by Canadian Generally Accepted Accounting Principles ("GAAP") and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section of the Management's discussion and analysis.

(2) Represents the sum of Basic Cable, High Speed Internet ("HSI"), Digital Television and Telephony service customers.

FINANCIAL HIGHLIGHTS

($000, except percentages and per share data)	Quarters ended November 30, 2009 $	2008[1] $	Change %
	(unaudited)	(unaudited)	
Operations			
Revenue	317,365	299,438	6.0
Operating income before amortization[2]	122,606	115,730	5.9
Operating margin[2]	38.6%	38.6%	
Operating income	57,041	54,984	3.7
Net income	56,666	22,945	–
Adjusted net income [2]	26,884	22,945	17.2
Cash Flow			
Cash flow from operating activities	(3,618)	24,481	–
Cash flow from operations[2]	130,229	87,617	48.6
Free cash flow[2]	62,008	17,797	–
Financial Condition[3]			
Total assets	2,632,154	2,630,912	–
Indebtedness[4]	1,114,860	1,054,506	5.7
Shareholders' equity	1,059,243	1,007,384	5.1
Per Share Data[5]			
Earnings per share			
Basic	1.17	0.47	–
Diluted	1.16	0.47	–
Adjusted earnings per share [2]			
Basic	0.55	0.47	17.0
Diluted	0.55	0.47	17.0

(1) Certain comparative figures have been restated to reflect the application of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064. Please refer to the "Accounting policies and estimates" section of the Management's discussion and analysis for more details.

(2) The indicated terms do not have standardized definitions prescribed by Canadian Generally Accepted Accounting Principles ("GAAP") and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section of the Management's discussion and analysis.

(3) At November 30, 2009 and August 31, 2009.

(4) Indebtedness is defined as the total of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments.

(5) Per multiple and subordinate voting share.

FORWARD-LOOKING STATEMENTS

Certain statements in this press release may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Cable's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Corporation's future operating results and economic performance and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Cogeco Cable believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. The Corporation cautions the reader that the current adverse economic conditions make forward-looking information and the underlying assumptions subject to greater uncertainty and that, consequently, they may not materialize, or the results may significantly differ from the Corporation's expectations. It is impossible for Cogeco Cable to predict with certainty the impact that the current economic downturn may have on future results. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in the "Uncertainties and main risk factors" section of the Corporation's 2009 annual Management's Discussion and Analysis (MD&A)) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include technological changes, changes in market and competition, governmental or regulatory developments, general economic conditions, the development of new products and services, the enhancement of existing products and services, and the introduction of competing products having technological or other advantages, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresee. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Corporation is under no obligation (and expressly disclaims any such obligation), and does not undertake to update or alter this information before the next quarter.

This analysis should be read in conjunction with the Corporation's consolidated financial statements, and the notes thereto, prepared in accordance with Canadian Generally Accepted Accounting Principles and the MD&A included in the Corporation's 2009 Annual Report. Throughout this discussion, all amounts are in Canadian dollars unless otherwise indicated.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

CORPORATE STRATEGIES AND OBJECTIVES

Cogeco Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to improve profitability and create shareholder value. The strategies for reaching those objectives are sustained growth through the diversification and the improvement of products, services, clientele and territories, as well as the continuous improvement of networks and equipment and tight controls over costs and business processes. The Corporation measures its performance, with regard to these objectives by monitoring revenue growth, revenue-generating units ("RGU")[(1)] growth and free cash flow[(2)].

During the first quarter of fiscal 2010, the Corporation invested approximately $28.7 million in its network infrastructure and equipment to upgrade its capacity, improve its robustness and extend its territories in order to better serve and increase its service offerings for new and existing clientele. Furthermore, the Corporation has maintained its vigilance over operating costs, which increased at the same pace as the growth in revenue despite the increase in operating costs in the European operations related to customer retention strategies put in place in the second half of fiscal 2009.

RGU growth and penetration of service offerings

During the first three months ended November 30, 2009, the number of RGU increased by 89,785, or 3.1%, to reach 2,982,023 RGU, in line to surpass the Corporation's RGU growth projections of 125,000 net additions issued on October 29, 2009. In light of this performance, management has revised its guidelines and RGU growth is now expected to reach 150,000 net additions for the fiscal year ended August 31, 2010, representing an increase of 5% when compared to the prior year. Please consult the revised projections in the "Fiscal 2010 financial guidelines" section for further details.

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(1) Represents the sum of Basic Cable, High speed internet ("HSI"), Digital Television and Telephony service customers.

(2) Free cash flow does not have a standardized definition prescribed by Canadian Generally Accepted Accounting Principles ("GAAP") and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section.

Revenue growth

First-quarter revenue increased by $17.9 million, or 6%, when compared to the same period of the prior year, to reach $317.4 million, and management expects to attain $1,290 million for the 2010 fiscal year, which represents an increase of $40 million when compared to the projections of $1,250 million issued on October 29, 2009. Please consult the revised projections in the "Fiscal 2010 financial guidelines" section for further details.

Free cash flow

In the first three months ended November 30, 2009, Cogeco Cable generated free cash flows of $62 million compared to $17.8 million for the same period last year, representing an increase of $44.2 million. Free cash flow growth for the quarter is mainly due to an increase in cash flow from operations[(1)], including the reduction in current income taxes stemming from modifications made to the corporate structure and by decreases in capital expenditures. Management has revised its free cash flow guidelines to $135 million for the 2010 fiscal year, an increase of $10 million, or 8%, when compared to the guideline of $125 million issued on October 29, 2009. Please consult the revised projections in the "Fiscal 2010 financial guidelines" section for further details.

OPERATING RESULTS – CONSOLIDATED OVERVIEW

	Quarters ended November 30,		
	2009	2008[(1)]	Change
($000, except percentages)	$	$	%
	(unaudited)	(unaudited)	
Revenue	317,365	299,438	6.0
Operating costs	188,418	177,727	6.0
Management fees - COGECO Inc.	6,341	5,981	6.0
Operating income before amortization[(2)]	122,606	115,730	5.9
Operating margin[(2)]	38.6%	38.6%	

(1) Certain comparative figures have been restated to reflect the application of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

(2) The indicated terms do not have standardized definitions prescribed by Canadian GAAP and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section.

Revenue

Fiscal 2010 first-quarter revenue improved by $17.9 million, or 6%, to reach $317.4 million when compared to the prior year. Driven by increased RGU, the introduction of HSI usage billing and rate increases implemented at the end of fiscal 2009, first-quarter Canadian operations revenue went up by $27 million, or 11.4% over the comparable period of the prior year.

Fiscal 2010 first-quarter European operations revenue decreased by $9.1 million, or 14.6%, at $53 million, compared to the same period of the prior year, mainly due to a lower number of Basic Cable service customers compared to the same period of last year and to the impact of retention strategies implemented in the second half of fiscal 2009 in order to reduce customer attrition, partly offset by the strength of the Euro compared to the Canadian dollar. Revenue from the European operations in the local currency for the first quarter amounted to €33.7 million, a decrease of €6.5 million, or 16.1% compared to the same period of the prior year.

(1) The indicated terms do not have standardized definitions prescribed by Canadian GAAP and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section.

Operating costs

For the first three months of fiscal 2010, operating costs, excluding management fees payable to COGECO Inc., increased by $10.7 million to reach $188.4 million, an increase of 6% compared to the prior year. Operating costs in the Canadian operations increased due to the servicing of additional RGU and the additional levy amounting to 1.5% of gross Cable Television service revenue imposed by the Canadian Radio-television and Telecommunications Commission ("CRTC") in order to finance a new Local Programming Improvement Fund ("LPIF") for the benefit of conventional television broadcasters operating local stations in Canada. In Europe, operating costs increased due to marketing initiatives, including the launch of new channels, and the appreciation of the Euro over the Canadian dollar, partly offset by cost reduction initiatives, such as a headcount reduction plan.

Operating income before amortization and operating margin

Fiscal 2010 first quarter operating income before amortization increased by $6.9 million, or 5.9%, to reach $122.6 million, as a result of RGU growth, the introduction of HSI usage billing and rate increases generating additional revenues which outpaced the increase in operating costs. Cogeco Cable's first quarter operating margin remained the same when compared to the prior year, amounting to 38.6%. The operating margin in Canada improved to 42.5% from 40%, which offset the decrease in the European operating margin to 19.2% from 33.5%.

RELATED PARTY TRANSACTIONS

Cogeco Cable is a subsidiary of COGECO Inc., which holds 32.3% of the Corporation's equity shares, representing 82.7% of the votes attached to the Corporation's voting shares. Under a management agreement, the Corporation pays COGECO Inc. monthly management fees equal to 2% of its total revenue for certain executive, administrative, legal, regulatory, strategic and financial planning and additional services. In 1997, management fees were capped at $7 million per year, subject to an annual adjustment based on the increase in the Consumer Price Index in Canada. Accordingly, for fiscal 2010, management fees have been set at a maximum of $9 million, which management expects to reach in the second quarter of the fiscal year. For fiscal 2009, management fees were set at a maximum of $9 million, and were fully paid in the first six months of the year.

Cogeco Cable granted 33,266 stock options to COGECO Inc.'s employees during the first three months of fiscal 2010, compared to 29,711 for the same period last year. During the first quarter Cogeco Cable charged COGECO Inc. an amount of $0.1 million with regards to Cogeco Cable's options granted to COGECO Inc.'s employees, essentially the same amount as in the comparable period of the prior year. Details regarding the management agreement and stock options granted to COGECO Inc.'s employees are provided in the Corporation's 2009 Annual Report.

Furthermore, Cogeco Cable established an incentive share unit plan for senior executives and designated employees. During the first three months, the Corporation granted 9,981 Incentive Share Units to COGECO Inc.'s employees and charged COGECO Inc. an amount of $9,000 with regards to the Corporation's Incentive Share Units granted to COGECO Inc.'s employees.

There were no other material related party transactions during the quarter.

FIXED CHARGES

	Quarters ended November 30,		
	2009	2008[1]	Change
($000, except percentages)	$	$	%
	(unaudited)	(unaudited)	
Amortization	65,565	60,746	7.9
Financial expense	16,141	23,394	(31.0)

[1] Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

First-quarter 2010 amortization amounted to $65.6 million, compared to $60.7 million for the same period of the prior year. The increase is mainly due to additional capital expenditures arising from customer premise equipment acquisitions to sustain RGU and to the appreciation of the Euro currency over the Canadian dollar.

First-quarter financial expense amounted to $16.1 million compared to $23.4 million in the first quarter of the prior year. The financial expense of the current quarter includes a foreign exchange gain of $0.5 million, compared to a foreign exchange loss of $3.8 million in the prior year. The loss in the prior year was essentially due to the unusually high US dollar volatility, as the majority of customer premise equipment is purchased and subsequently paid in US dollars. The remaining decrease of $3 million is due to interest rate reductions and a decrease in Indebtedness (defined as the total of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments) when compared with the comparable quarter of the previous fiscal year.

INCOME TAXES

Fiscal 2010 first-quarter income tax recovery amounted to $15.8 million which includes the impact of the reduction in corporate income tax rates announced on March 26, 2009 by the Ontario provincial government and considered substantively enacted on November 16, 2009 (the "reduction of Ontario provincial corporate income tax rates"). These lower corporate income tax rates reduced future income tax expense by $29.8 million in the first three months of fiscal 2010. Excluding the effect of this reduction, income tax expense would have amounted to $14 million for the first three months of fiscal 2010, compared to $8.6 million for the first three months of fiscal 2009. The increase in income tax expense in fiscal 2010 is mainly due to the improvement in operating income before amortization surpassing that of the fixed charges in the Canadian operations.

NET INCOME

Fiscal 2010 first quarter net income amounted to $56.7 million, or $1.17 per share. Net income for the first quarter of fiscal 2010 includes the favourable impact of $29.8 million from the reduction of Ontario provincial corporate income tax rates described above. Excluding the impact of the income tax adjustments, adjusted net income[(1)] would have amounted to $26.9 million, or $0.55 per share[(1)], compared to $22.9 million, or $0.47 per share in the prior year, representing increases of 17.2% and 17%, respectively. Please consult the "Non-GAAP financial measures" section for further details. Net income progression for the quarter has resulted from the growth of the Canadian operations' financial results, partly offset by the decline in the financial European operating results as previously discussed.

CASH FLOW AND LIQUIDITY

	Quarters ended November 30,	
($000)	2009 $	2008[(1)] $
	(unaudited)	(unaudited)
Operating activities		
Cash flow from operations[(2)]	130,229	87,617
Changes in non-cash operating items	(133,847)	(63,136)
	(3,618)	24,481
Investing activities[(3)]	(68,060)	(68,865)
Financing activities[(3)]	49,495	39,420
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	202	687
Net change in cash and cash equivalents	(21,981)	(4,277)
Cash and cash equivalents, beginning of period	39,458	36,371
Cash and cash equivalents, end of period	17,477	32,094

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

(2) Cash flow from operations does not have a standardized definition prescribed by Canadian GAAP and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section.

(1) The indicated terms do not have standardized definitions prescribed by Canadian GAAP and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section.

(3) Excludes assets acquired under capital leases.

Fiscal 2010 first quarter cash flow from operations reached $130.2 million, 48.6% higher than the comparable period last year, primarily due to the reduction in current income taxes stemming from modifications made to the corporate structure, the increase in operating income before amortization and the reduction in financial expense. Changes in non-cash operating items required cash outflows of $133.8 million, mainly as a result of decreases in accounts payable and accrued liabilities and income tax liabilities and an increase in income taxes receivable. In the prior year, the cash outflows of $63.1 million were mainly the result of a decrease in accounts payable and accrued liabilities and in income tax liabilities. The significant decreases in income tax liabilities in both fiscal years are due to payments made during the first quarter of the current year related to the prior fiscal year.

Investing activities, including capital expenditures segmented according to the National Cable Television Association ("NCTA") standard reporting categories, are as follows:

	Quarters ended November 30,	
($000)	2009 $	2008(1) $
	(unaudited)	(unaudited)
Customer premise equipment (2)	33,475	31,824
Scalable infrastructure	12,827	12,542
Line extensions	5,434	4,287
Upgrade / Rebuild	10,470	10,442
Support capital	2,951	7,511
Total capital expenditures(3)	65,157	66,606
Increase in deferred charges and others	3,044	3,198
Total investing activities(3)	68,201	69,804

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.
(2) Includes mainly home terminal devices as well as new and replacement drops.
(3) Includes capital leases, which are excluded from the statements of cash flows.

Fiscal 2010 first quarter total capital expenditures amounted to $65.2 million, a decrease of 2.2%, when compared to the corresponding period of last year, due to the following factors:

- A decrease in support capital spending as the prior year included the acquisition of a power generator for the Canadian data communications subsidiary;
- An increase in customer premise equipment spending which reflects higher RGU growth and the appreciation of the Euro over the Canadian dollar.

Deferred charges and others are mainly attributable to reconnect costs. For the first quarter, the increase in deferred charges and others amounted to $3 million, essentially the same when compared to $3.2 million for the same period of the prior year.

In the first quarter, Cogeco Cable generated free cash flows of $62 million compared to $17.8 million in the prior year, representing an increase of $44.2 million. The growth in free cash flow for the quarter is mainly due to an increase in cash flow from operations, including the reduction in current income taxes stemming from modifications made to the corporate structure and the decrease in capital expenditures. The aggregate amount of total capital expenditures and deferred charges and others decreased by $1.6 million for the quarter ended November 30, 2009 compared to the corresponding period of the prior year due to the factors explained above.

In the first quarter of 2010, Indebtedness affecting cash increased by $58 million mainly due to the decrease in non-cash operating items of $133.8 million and the dividend payment of $6.8 million described below, partly offset by the free cash flow of $62 million and the decrease in cash and cash equivalents of $22 million. Indebtedness mainly increased through an increase of $44.3 million in bank indebtedness and a net amount of $14.9 million drawn on the Corporation's revolving loans. In the first quarter of 2009, Indebtedness affecting cash increased by $45 million due to the reduction of non-cash operating items of $63.1 million, partly offset by the free cash flow of $17.8 million. Indebtedness was increased through the issuance of Senior Secured Notes, Series A and Series B, for net proceeds of approximately $255 million, net of the repayment of US$150 million Senior Secured Notes Series A and the related derivative financial instrument for a total of $238.7 million, and by an increase of $21.6 million in bank indebtedness.

During the first quarter of fiscal 2010, a dividend of $0.14 per share was paid to the holders of subordinate and multiple voting shares, totalling $6.8 million, compared to a dividend of $0.12 per share, or $5.8 million the year before.

As at November 30, 2009, the Corporation had a working capital deficiency of $193.5 million compared to $240.9 million as at August 31, 2009. The decrease in the deficiency is mainly attributable to reductions in accounts payable and accrued liabilities due to the timing of payments made to suppliers and in income tax liabilities stemming from income tax payments relating to the 2009 fiscal year, and to an increase in income taxes receivable as a result of modifications made to the corporate structure. These decreases have been partially offset by the increase in bank indebtedness and the decreases in cash and cash equivalents resulting from the above mentioned payments, and by the increase in the current portion of future income tax liabilities also stemming from the modifications made to the corporate structure. As part of the usual conduct of its business, Cogeco Cable maintains a working capital deficiency due to a low level of accounts receivable as a large portion of the Corporation's customers pay before their services are rendered, unlike accounts payable and accrued liabilities, which are paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At November 30, 2009, the Corporation had used $268.6 million of its $862.5 million Term Facility for a remaining availability of $593.9 million.

On October 1, 2008, the Corporation completed, pursuant to a private placement, the issuance of US$190 million Senior Secured Notes Series A maturing October 1, 2015, and $55 million Senior Secured Notes Series B maturing October 1, 2018. The Senior Secured Notes Series B bear interest at the coupon rate of 7.60% per annum, payable semi-annually. The Corporation has entered into cross-currency swap agreements to fix the liability for interest and principal payments on the Senior Secured Notes Series A in the amount of US$190 million, which bear interest at the coupon rate of 7.00% per annum, payable semi-annually. Taking into account these agreements, the effective interest rate on the Senior Secured Notes Series A is 7.24% and the exchange rate applicable to the principal portion of the US dollar-denominated debt has been fixed at $1.0625 per US dollar.

FINANCIAL POSITION

Since August 31, 2009, there have been significant changes to the balances of "accounts payable and accrued liabilities", "income taxes receivable", "income tax liabilities", "future income tax liabilities", "fixed assets", "bank indebtedness", "long-term debt", "derivative financial instruments" and "cash and cash equivalents".

The $70.1 million decrease in accounts payable and accrued liabilities is related to the timing of payments made to suppliers. The increases of $20.6 million in income taxes receivable and $20.2 million in the current portion of future income tax liabilities are mainly due to modifications made to the corporate structure. The $40.3 million decrease in income tax liabilities is due to income tax payments made in the first quarter of the 2010 fiscal year relating to the 2009 fiscal year. The $17.8 million decrease in long-term future income tax liabilities is mainly due to reduction of Ontario provincial corporate income tax rates. The $6.3 million increase in fixed assets is mainly related to capital expenditures to sustain RGU growth. The increases of $44.3 million in bank indebtedness, $8.8 million in long-term debt and $5.9 million in net derivative financial instrument liabilities, and the decrease of $22 million in cash and cash equivalents are due to the factors previously discussed in the "Cash Flow and Liquidity" section and the fluctuations in foreign exchange and interest rates.

A description of Cogeco Cable's share data as of December 31, 2009 is presented in the table below:

	Number of shares/options	Amount ($000)
Common shares		
Multiple voting shares	15,691,100	98,346
Subordinate voting shares	32,867,426	891,715
Options to purchase Subordinate voting shares		
Outstanding options	770,042	
Exercisable options	543,213	

In the normal course of business, Cogeco Cable has incurred financial obligations, primarily in the form of long-term debt, operating and capital leases and guarantees. Cogeco Cable's obligations, as discussed in the 2009 Annual Report, have not materially changed since August 31, 2009.

DIVIDEND DECLARATION

At its January 12, 2010 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.14 per share for subordinate and multiple voting shares, payable on February 9, 2010, to shareholders of record on January 26, 2010. 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, the amount and frequency may vary.

FINANCIAL MANAGEMENT

During fiscal 2009, the Corporation entered into a swap agreement with a financial institution to fix the floating benchmark interest rate with respect to the Euro-denominated Term Loan facilities for a notional amount of €111.5 million. The interest rate swap to hedge the Term Loans has been fixed at 2.08% until their maturity at July 28, 2011. The notional value of the swap will decrease in line with the amortization schedule of the Term Loans and stood at €95.8 million at November 30, 2009. In addition to the interest rate swap of 2.08%, Cogeco Cable will continue to pay the applicable margin on these Term Loans in accordance with its Term Facility. In the first three months of the fiscal year, the fair value of interest rate swap decreased by $0.1 million, which is recorded as a decrease of other comprehensive income net of income taxes.

In the previous fiscal year, Cogeco Cable entered into cross-currency swap agreements to set the liability for interest and principal payments on its US$190 million Senior Secured Notes, Series A maturing in October 1, 2015. These agreements have the effect of converting the U.S. interest coupon rate of 7.00% per annum to an average Canadian dollar interest rate of 7.24% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at $1.0625 per US dollar. In the first quarter of the 2010 fiscal year, amounts due under the US$190 million Senior Secured Notes Series A decreased by $7.5 million due to the US dollar's depreciation compared to the Canadian dollar. The fair value of cross-currency swaps decreased by a net amount of $5.8 million, of which $7.5 million offsets the foreign exchange gain on the debt denominated in US dollars. The difference of $1.7 million was recorded as an increase of other comprehensive income, net of income taxes of $1.1 million.

The Corporation's net investment in the self-sustaining foreign subsidiary, Cabovisão – Televisão por Cabo, S.A. ("Cabovisão"), is exposed to market risk attributable to fluctuations in foreign currency exchange rates, primarily changes in the values of the Canadian dollar versus the Euro. This risk is mitigated since the major part of the purchase price for Cabovisão was borrowed directly in Euros. This debt is designated as a hedge of the net investment in self-sustaining foreign subsidiaries and accordingly, the Corporation realized a foreign exchange gain of $0.6 million in the first three months of fiscal 2010 which is presented in other comprehensive income. The exchange rate used to convert the Euro into Canadian dollars for the balance sheet accounts at November 30, 2009 was $1.5852 per Euro compared to $1.5698 per Euro at August 31, 2009. The average exchange rate prevailing during the first quarter used to convert the operating results of the European operations was $1.5732 per Euro, compared to $1.5462 per Euro for the same period of the prior year.

The following table shows the Canadian dollar impact of a 10% change in the average exchange rate of the Euro currency into Canadian dollars on European operating results for the first quarter ended November 30, 2009:

Quarter ended November 30, 2009 *($000)*	As reported $ (unaudited)	Exchange rate impact $ (unaudited)
Revenue	53,005	5,301
Operating income before amortization	10,176	1,018
Net loss	(11,693)	(1,169)

The Corporation is also impacted by foreign currency exchange rates, primarily changes in the values of the US dollar relative to the Canadian dollar with regards to purchases of equipment, as the majority of customer premise equipment is purchased and subsequently paid in US dollars. Please consult the "Fixed charges" section of this MD&A and the Foreign Exchange Risk section in note 13 of the consolidated financial statements for further details.

CANADIAN OPERATIONS

CUSTOMER STATISTICS

		Net additions		% of Penetration[1]	
	November 30, 2009	Quarters ended November 30, 2009	2008	November 30, 2009	2008
RGU	2,223,035	63,172	65,463	–	–
Basic Cable service customers	873,724	8,919	8,833	–	–
HSI service customers	532,558	17,506	19,509	64.5	59.6
Digital Television service customers	514,504	16,106	18,220	59.8	54.0
Telephony service customers	302,249	20,641	18,901	38.0	31.6

(1) As a percentage of Basic Cable service customers in areas served.

Fiscal 2010 first quarter RGU net additions were essentially the same as the comparable period of the prior year, and the Canadian operations continue to generate RGU growth despite early signs of maturation of some of its services. The number of net additions for Basic Cable service customers stood at 8,919 compared to 8,833 for the same period of the prior year, mainly due to the beginning of the school year for college and university students and from expansions in the network. In the quarter, Telephony service customers grew by 20,641 compared to 18,901 for the same period last year, and the number of net additions to HSI service stood at 17,506 customers for the quarter, compared to 19,509 customers for the same period last year. HSI and Telephony net additions continue to stem from the enhancement of the product offering, the impact of the bundled offer (Cogeco Complete Connection) of Television, HSI and Telephony services, and promotional activities. Telephony service coverage, as a percentage of homes passed, is now above 90% compared to 87% at November 30, 2008. The Digital Television service net additions stood at 16,106 customers compared to 18,220 customers for the first quarter, and are due to targeted marketing initiatives to improve penetration and to the continuing strong interest for high definition ("HD") television service.

OPERATING RESULTS

($000, except percentages)	Quarters ended November 30, 2009 $ (unaudited)	2008[1] $ (unaudited)	Change %
Revenue	264,360	237,374	11.4
Operating costs	145,589	136,477	6.7
Management fees – COGECO Inc.	6,341	5,981	6.0
Operating income before amortization	112,430	94,916	18.5
Operating margin	42.5%	40.0%	

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

Revenue

First quarter revenue rose by $27 million, or 11.4%, to reach $264.4 million mainly due to the introduction of HSI usage billing, RGU growth and the impact of rate increases implemented in the second half of fiscal 2009 in Ontario, averaging $1.00 per Basic Cable service customer.

Operating costs

For the first three months of fiscal 2010, operating costs excluding management fees payable to COGECO Inc. increased by $9.1 million, or 6.7%, to reach $145.6 million. The increase in operating costs is mainly attributable to servicing additional RGU and to the additional levy amounting to 1.5% of gross Cable Television service revenue imposed by the CRTC in order to finance the LPIF.

Operating income before amortization

Operating income before amortization rose by $17.5 million, or 18.5%, to reach $112.4 million in the first quarter. The operating income before amortization has risen due to the increased revenue outpacing the operating costs growth. Cogeco Cable's Canadian operations' first-quarter operating margin increased to 42.5% compared to 40% for the same period in the prior year.

EUROPEAN OPERATIONS

CUSTOMER STATISTICS

		Net additions (losses)		% of Penetration[1]	
	November 30, 2009	Quarters ended November 30, 2009	2008	November 30, 2009	2008
RGU	758,988	26,613	(12,749)	–	–
Basic Cable service customers	258,918	(562)	(8,035)	–	–
HSI service customers	148,823	5,209	(5,209)	57.5	53.5
Digital Television service customers	118,867	16,114	5,397	45.9	10.4
Telephony service customers	232,380	5,852	(4,902)	89.8	83.4

(1) As a percentage of Basic Cable service customers in areas served.

In the first quarter of fiscal 2010, net additions have begun to stabilize and reflect the benefits of the Corporation's customer retention and acquisition strategies launched at the end of the 2009 fiscal year in order to reduce the customer attrition brought on by the difficult competitive landscape in Portugal and economic environment in the Iberian Peninsula throughout the previous fiscal year. Fiscal 2010 first quarter Basic Cable service customers decreased by 562 customers compared to a decrease of 8,035 customers in the comparable period of the prior year. HSI service customers increased by 5,209 customers compared to a decrease of 5,209 customers in the first three months of fiscal 2009. The number of Digital Television service customers grew by 16,114 customers in the first quarter of the current fiscal year compared to 5,397 customers in the first quarter of the prior year. Telephony service customers increased by 5,852 customers compared to a loss of 4,902 customers for the same period of the preceding year.

OPERATING RESULTS

	Quarters ended November 30,		
	2009	2008[1]	Change
($000, except percentages)	$	$	%
	(unaudited)	(unaudited)	
Revenue	53,005	62,064	(14.6)
Operating costs	42,829	41,250	3.8
Operating income before amortization	10,176	20,814	(51.1)
Operating margin	19.2%	33.5%	

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

Revenue

Fiscal 2010 first-quarter revenue decreased by $9.1 million, or 14.6%, at $53 million, due to lower Basic Cable service customers compared to the same period of last year and to the impact of retention strategies implemented in the second half of fiscal 2009 in order to reduce customer attrition, partly offset by the strength of the Euro compared to the Canadian dollar. Revenue from the European operations in the local currency for the first quarter amounted to €33.7 million, a decrease of €6.5 million, or 16.1%, when compared to the prior year.

Operating costs

For the first quarter, operating costs increased by $1.6 million to reach $42.8 million, an increase of 3.8% compared to the prior year. The increase in operating costs is mainly attributable to marketing initiatives, including the launch of new channels, and to the unfavourable impact of the appreciation of the Euro over the Canadian dollar, partly offset by cost reduction initiatives implemented by Cabovisão, such as a headcount reduction plan. Operating costs from the European operations for the first three months of fiscal 2010 in the local currency amounted to €27.2 million, an increase of €0.6 million, or 2.2% when compared to the first three months of the prior year.

Operating income before amortization

For the first quarter, operating income before amortization decreased to $10.2 million from $20.8 million for the same period of the prior year, representing a decrease of $10.6 million, or 51.1%, mainly due to increases in operating costs and decreases in revenue. European operations' operating margin decreased for the first quarter to 19.2% from 33.5% in the prior year. Operating income before amortization in the local currency amounted to €6.5 million for the first quarter, a decrease of €7 million, or 52.1%, when compared to operating income before amortization of €13.5 million for the first three months of the prior year.

FISCAL 2010 FINANCIAL GUIDELINES

Given the improved performance of the Corporation during the first quarter, the expected trend for fiscal 2010 and the Ontario provincial corporate income tax rate reductions announced on March 26, 2009 and considered substantively enacted on November 16, 2009, management has revised most of its guidelines for the 2010 fiscal year.

Management has revised upwards its guidelines to reflect better the HSI usage billing and the charge back of LPIF costs to our Canadian Cable Television service customers. RGU growth should also increase due to the continued demand for cable telecommunications services. In addition, the projected foreign currency exchange rate from the Euro to the Canadian dollar is revised upwards. During the last segment of fiscal 2009, Cabovisão launched new channels and implemented retention strategies, which combined with new marketing and other operating initiatives, have helped reduce customer attrition since their implementation. However, Cabovisão is still facing fierce competition in the Portuguese market.

Subsequent to these adjustments, projected revenue, operating income before amortization and net income were revised upwards. The increase in projected revenue to $1,290 million from $1,250 million should come from both the Canadian and European operations. The operating income before amortization should increase to $505 million from $481 million, operating margin should increase to 39.1% from 38.5% and net income should increase to about $125 million.

As a result of the revised projections, free cash flow is now expected to reach $135 million from the $125 million initially projected.

Consolidated

(in millions of dollars, except RGU growth and operating margin)	Revised Projections January 12, 2010 Fiscal 2010	Projections October 29, 2009 Fiscal 2010
Financial guidelines		
Revenue	1,290	1,250
Operating income before amortization	505	481
Operating margin	39.1%	38.5%
Amortization	273	273
Financial expense	69	70
Current income taxes	(40)	(55)
Net income	125	80
Capital expenditures and increase in deferred charges	341	341
Free cash flow	135	125
RGU growth	150,000	125,000

The exchange rate used for the fiscal 2010 revised projections is $1.55 per Euro compared to $1.50 per Euro for the October 29, 2009 projections.

CONTROLS AND PROCEDURES

The President and Chief Executive Officer (“CEO”) and the Senior Vice President and Chief Financial Officer (“CFO”), together with management, are responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting, as defined in NI 52-109. Cogeco Cable’s internal control framework is based on the criteria published in the report “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission and is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The CEO and CFO, supported by management, evaluated the design of the Corporation’s disclosure controls and procedures and internal controls over financial reporting as of November 30, 2009, and have concluded that they were adequate.

UNCERTAINTIES AND MAIN RISK FACTORS

There has been no significant change in the uncertainties and main risk factors faced by the Corporation since August 31, 2009. A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2009 Annual Report.

ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies, estimates and future accounting pronouncements since August 31, 2009, except as described below. A description of the Corporation's policies and estimates can be found in the 2009 Annual Report.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, *Goodwill and intangible assets*, replacing Section 3062, *Goodwill and other intangible assets* and Section 3450, *Research and development costs*. The new Section established standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill remained unchanged from the standards included in the previous Section 3062. The new Section was applicable to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with retroactive application. The adoption of Section 3064 eliminated the deferral of new service launch costs which are now recognized as an expense when they are incurred. Reconnect and additional services activation costs are capitalized up to an amount not exceeding the revenue generated by the reconnect activity. Consequently, the Corporation adjusted opening retained earnings on a retroactive basis and the prior period comparative figures have been restated. The adoption of this new section had the following impacts on the Corporation's consolidated financial statements:

Consolidated statement of income

Increase (decrease) *($000)*	Quarter ended November 30, 2008 $ (unaudited)
Operating costs	3,993
Amortization of deferred charges	(3,176)
Future income tax expense	(211)
Net income	(606)

Consolidated balance sheets

Increase (decrease) *($000)*	August 31, 2009 $ (unaudited)	September 1, 2008 $ (unaudited)
Deferred charges	(34,491)	(32,325)
Future income tax liabilities	(10,212)	(9,599)
Retained earnings (deficit)	(24,279)	(22,726)

FUTURE ACCOUNTING PRONOUNCEMENTS

Harmonization of Canadian and International accounting standards

Throughout the quarter, the Corporation has continued its project for the transition from Canadian GAAP to International Financial Reporting Standards ("IFRS"). The conversion project is progressing according to the established plan and the Corporation expects to meet its target date for migration. Please refer to the 2009 Annual Report for more details.

NON-GAAP FINANCIAL MEASURES

This section describes non-GAAP financial measures used by Cogeco Cable throughout this MD&A. It also provides reconciliations between these non-GAAP measures and the most comparable GAAP financial measures. These financial measures do not have standard definitions prescribed by Canadian GAAP and therefore, may not be comparable to similar measures presented by other companies. These measures include "cash flow from operations", "free cash flow", "operating income before amortization", "operating margin", "adjusted net income" and "adjusted earnings per share".

Cash flow from operations and free cash flow

Cash flow from operations is used by Cogeco Cable's management and investors to evaluate cash flows generated by operating activities, excluding the impact of changes in non-cash operating items. This allows the Corporation to isolate the cash flows from operating activities from the impact of cash management decisions. Cash flow from operations is subsequently used in calculating the non-GAAP measure, "free cash flow". Free cash flow is used, by Cogeco Cable's management and investors, to measure its ability to repay debt, distribute capital to its shareholders and finance its growth.

Cash flow from operations is calculated as follows:

	Quarters ended November 30,	
($000)	2009 $	2008[1] $
	(unaudited)	(unaudited)
Cash flow from operating activities	(3,618)	24,481
Changes in non-cash operating items	133,847	63,136
Cash flow from operations	130,229	87,617

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

Free cash flow is calculated as follows:

	Quarters ended November 30,	
($000)	2009 $	2008[1] $
	(unaudited)	(unaudited)
Cash flow from operations	130,229	87,617
Acquisition of fixed assets	(65,016)	(65,667)
Increase in deferred charges	(3,064)	(3,214)
Assets acquired under capital leases – as per note 11 c)	(141)	(939)
Free cash flow	62,008	17,797

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

Operating income before amortization and operating margin

Operating income before amortization is used by Cogeco Cable's management and investors to assess the Corporation's ability to seize growth opportunities in a cost effective manner, to finance its ongoing operations and to service its debt. Operating income before amortization is a proxy for cash flows from operations excluding the impact of the capital structure chosen, and is one of the key metrics used by the financial community to value the business and its financial strength. Operating margin is a measure of the proportion of the Corporation's revenue which is left over, before income taxes, to pay for its fixed costs, such as interest on Indebtedness. Operating margin is calculated by dividing operating income before amortization by revenue.

The most comparable Canadian GAAP financial measure is operating income. Operating income before amortization and operating margin are calculated as follows:

($000, except percentages)	Quarters ended November 30, 2009 $ (unaudited)	2008[1] $ (unaudited)
Operating income	57,041	54,984
Amortization	65,565	60,746
Operating income before amortization	122,606	115,730
Revenue	317,365	299,438
Operating Margin	38.6%	38.6%

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

Adjusted net income and adjusted earnings per share

Adjusted net income and adjusted earnings per share are used by Cogeco Cable's management and investors to evaluate what would have been the net income and earnings per share excluding unusual adjustments. This allows the Corporation to isolate the unusual adjustments in order to evaluate the net income and earnings per share from ongoing activities.

The most comparable Canadian GAAP financial measures are net income and earnings per share. Adjusted net income and adjusted earnings per share are calculated as follows:

($000)	Quarters ended November 30, 2009 $ (unaudited)	2008[1] $ (unaudited)
Net income	56,666	22,945
Adjustment for the reduction of Ontario provincial corporate income tax rates	(29,782)	-
Adjusted net income	26,884	22,945
Weighted average number of multiple voting and subordinate voting shares outstanding	48,550,216	48,523,769
Effect of dilutive stock options	81,872	212,875
Effect of dilutive incentive share units	8,310	–
Weighted average number of diluted multiple voting and subordinate voting shares outstanding	48,640,398	48,736,644
Adjusted earnings per share		
Basic	0.55	0.47
Diluted	0.55	0.47

(1) Certain comparative figures have been restated to reflect the application of the CICA Handbook Section 3064. Please refer to the "Accounting policies and estimates" section for more details.

ADDITIONAL INFORMATION

This MD&A was prepared on January 12, 2010. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com.

ABOUT COGECO CABLE

Cogeco Cable (www.cogeco.ca) is a telecommunications company, the second largest cable operator in Ontario, Québec and Portugal in terms of the number of Basic Cable service customers served. Through its two-way broadband cable networks, Cogeco Cable provides its residential customers with Audio, Analogue and Digital Television, as well as HSI and Telephony services. Cogeco Cable also provides, to its commercial customers, data networking, e-business applications, video conferencing, hosting services, Ethernet, private line, VoIP, HSI access, dark fibre, data storage, data security and co-location services and other advanced communication solutions. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

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Analyst Conference Call: **Wednesday, January 13, 2010 at 11:00 A.M.** (EST)
Media representatives may attend as listeners only.

Please use the following dial-in number to have access to the conference call by dialling five minutes before the start of the conference:

Canada/USA Access Number: 1 888 300-0053
International Access Number: + 1 647 427-3420
Confirmation Code: 5342110
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until January 20, by dialling:
Canada and USA access number: 1 800 642-1687
International access number: + 1 706 645-9291
Confirmation code: 5342110

Supplementary Quarterly Financial Information
(unaudited)

Quarters ended	November 30,		August 31,		May 31,		February 28 / 29,	
($000, except percentages and per share data)	2009	2008[1]	2009[1]	2008[1][2]	2009[1]	2008[1][2]	2009[1]	2008[1][2]
	$	$	$	$	$	$	$	$
Revenue	317,365	299,438	307,807	284,908	305,672	274,944	304,920	265,102
Operating income before amortization[2]	122,606	115,730	143,892	117,538	125,951	112,925	122,303	105,028
Operating margin[2]	*38.6%*	*38.6%*	*46.7%*	*41.3%*	*41.2%*	*41.1%*	*40.1%*	*39.6%*
Operating income	57,041	54,984	75,624	58,802	62,086	57,552	59,105	52,057
Impairment of goodwill and intangible assets	–	–	–	–	–	–	399,648	–
Income taxes	(15,766)	8,645	22,005	9,617	26,357	10,443	(207)	(14,502)
Net income (loss)	56,666	22,945	44,698	30,433	32,453	29,735	(358,324)	49,423
Adjusted net income[3]	26,884	22,945	26,123	30,433	27,665	29,735	25,306	49,423
Cash flow from operating activities	(3,618)	24,481	175,450	139,286	99,956	108,232	115,282	87,361
Cash flow from operations[3]	130,229	87,617	108,631	95,085	92,030	91,262	95,928	81,643
Free cash flow[3]	62,008	17,797	14,759	21,075	31,891	36,901	30,965	19,305
Earnings (loss) per share[4]								
Basic	1.17	0.47	0.92	0.63	0.67	0.61	(7.38)	1.02
Diluted	1.16	0.47	0.92	0.62	0.67	0.61	(7.38)	1.01
Adjusted earnings per share[3][4]								
Basic	0.55	0.47	0.54	0.63	0.57	0.61	0.52	1.02
Diluted	0.55	0.47	0.54	0.62	0.57	0.61	0.52	1.01

(1) Certain comparative figures have been restated to reflect the application of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064. Please refer to the "Accounting policies and estimates" section of the Management's discussion and analysis for more details.

(2) Certain comparative figures have been reclassified to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

(3) The indicated terms do not have standardized definitions prescribed by Canadian Generally Accepted Accounting Principles ("GAAP") and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-GAAP financial measures" section of the Management's discussion and analysis.

(4) Per multiple and subordinate voting share.

SEASONAL VARIATIONS

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations. However, the loss in Basic Cable service customers is usually greater, and the addition of HSI service customers is generally lower, in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television seasons, and students leaving their campuses at the end of the school year. Cogeco Cable offers its services in several university and college towns such as Kingston, Windsor, St. Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada, and Aveiro, Covilhã, Evora, Guarda and Coimbra in Portugal. Furthermore, the third and fourth quarter's operating margin is usually higher as no management fees are paid to COGECO Inc. Under the Management Agreement, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. Since the maximum amount was reached in the second quarter of fiscal 2009, Cogeco Cable paid no management fees in the second half of fiscal 2009. For further details, please consult the "Related party transactions" section of the Management's discussion and analysis.

Customer Statistics
(unaudited)

	November 30, 2009	August 31, 2009
Homes passed		
Ontario	1,052,470	1,049,818
Québec	518,163	515,327
Canada	1,570,633	1,565,145
Portugal[1]	905,197	905,129
Total	2,475,830	2,470,274
Homes connected[2]		
Ontario	667,017	658,690
Québec	288,535	285,944
Canada	955,552	944,634
Portugal	268,202	269,022
Total	1,223,754	1,213,656
Revenue-generating units		
Ontario	1,526,556	1,483,324
Québec	696,479	676,539
Canada	2,223,035	2,159,863
Portugal	758,988	732,375
Total	2,982,023	2,892,238
Basic Cable service customers		
Ontario	604,028	597,651
Québec	269,696	267,154
Canada	873,724	864,805
Portugal	258,918	259,480
Total	1,132,642	1,124,285
High Speed Internet service customers		
Ontario	387,497	374,906
Québec	145,061	140,146
Canada	532,558	515,052
Portugal	148,823	143,614
Total	681,381	658,666
Digital Television service customers		
Ontario	336,270	326,227
Québec	178,234	172,171
Canada	514,504	498,398
Portugal	118,867	102,753
Total	633,371	601,151
Telephony service customers		
Ontario	198,761	184,540
Québec	103,488	97,068
Canada	302,249	281,608
Portugal	232,380	226,528
Total	534,629	508,136

(1) The Corporation is currently assessing the number of homes passed.
(2) Includes Basic Cable service customers and HSI and Telephony service customers who do not subscribe to other cable services.

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(In thousands of dollars, except per share data)	Three months ended November 30, **2009**	2008
	$	$
		(restated, see note 1)
Revenue		
Service	**315,333**	297,393
Equipment	**2,032**	2,045
	317,365	299,438
Operating costs	**188,418**	177,727
Management fees – COGECO Inc.	**6,341**	5,981
Operating income before amortization	**122,606**	115,730
Amortization (note 3)	**65,565**	60,746
Operating income	**57,041**	54,984
Financial expense (note 4)	**16,141**	23,394
Income before income taxes	**40,900**	31,590
Income taxes (note 5)	**(15,766)**	8,645
Net income	**56,666**	22,945
Earnings per share (note 6)		
Basic	**1.17**	0.47
Diluted	**1.16**	0.47

COGECO CABLE INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(In thousands of dollars)	Three months ended November 30, **2009** **$**	2008 $ (restated, see note 1)
Net income	**56,666**	22,945
Other comprehensive income		
Unrealized gains (losses) on derivative financial instruments designated as cash flow hedges, net of income tax recovery of $2,141,000 (income tax expense of $3,387,000 in 2008)	**(3,769)**	25,789
Reclassification to net income of realized losses (gains) on derivative financial instruments designated as cash flow hedges, net of income tax recovery of $1,007,000 (income tax expense of $4,323,000 in 2008)	**6,479**	(28,391)
Unrealized gains on translation of a net investment in self-sustaining foreign subsidiaries	**2,726**	6,080
Unrealized losses on translation of long-term debts designated as hedges of a net investment in self-sustaining foreign subsidiaries	**(2,091)**	(3,359)
	3,345	119
Comprehensive income	**60,011**	23,064

COGECO CABLE INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(unaudited)

(In thousands of dollars)	Three months ended November 30, **2009**	2008
	$	$
		(restated, see note 1)
Balance at beginning, as reported	**17,172**	297,150
Changes in accounting policies (note 1)	**(24,279)**	(22,726)
Balance at beginning, as restated	**(7,107)**	274,424
Net income	**56,666**	22,945
Dividends on multiple voting shares	**(2,197)**	(1,883)
Dividends on subordinate voting shares	**(4,601)**	(3,940)
Balance at end	**42,761**	291,546

COGECO CABLE INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

(In thousands of dollars)	**November 30, 2009**	August 31, 2009
	$	$
		(restated, see note 1)
Assets		
Current		
Cash and cash equivalents (note 11 b))	**17,477**	39,458
Accounts receivable	**63,392**	60,051
Income taxes receivable	**25,255**	4,700
Prepaid expenses	**15,542**	14,337
Future income tax assets	**4,934**	4,275
	126,600	122,821
Fixed assets	**1,308,488**	1,302,238
Deferred charges	**23,902**	24,052
Intangible assets (note 7)	**1,021,241**	1,022,434
Goodwill (note 7)	**149,615**	153,695
Derivative financial instruments	**—**	4,236
Future income tax assets	**2,308**	1,436
	2,632,154	2,630,912
Liabilities and Shareholders' equity		
Liabilities		
Current		
Bank indebtedness	**44,336**	**—**
Accounts payable and accrued liabilities	**174,043**	244,173
Income tax liabilities	**761**	41,020
Deferred and prepaid revenue	**36,059**	33,877
Current portion of long-term debt (note 8)	**44,661**	44,674
Future income tax liabilities	**20,209**	**—**
	320,069	363,744
Long-term debt (note 8)	**1,018,589**	1,009,788
Derivative financial instruments	**3,842**	2,168
Deferred and prepaid revenue and other liabilities	**12,918**	12,900
Pension plan liabilities and accrued employees benefits	**3,454**	3,113
Future income tax liabilities	**214,039**	231,815
	1,572,911	1,623,528
Shareholders' equity		
Capital stock (note 9)	**990,061**	990,061
Treasury shares	**(1,744)**	**—**
Contributed surplus	**5,239**	4,849
Retained earnings (deficit)	**42,761**	(7,107)
Accumulated other comprehensive income (note 10)	**22,926**	19,581
	1,059,243	1,007,384
	2,632,154	2,630,912

COGECO CABLE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands of dollars)	Three months ended November 30, 2009 **$**	2008 $ (restated, see note 1)
Cash flow from operating activities		
Net income	**56,666**	22,945
Adjustments for:		
Amortization (note 3)	**65,565**	60,746
Amortization of deferred transaction costs and discounts on long-term debt	**748**	648
Future income taxes (note 5)	**6,421**	2,700
Stock-based compensation	**459**	56
Loss on disposal of fixed assets	**98**	223
Other	**272**	299
	130,229	87,617
Changes in non-cash operating items (note 11 a))	**(133,847)**	(63,136)
	(3,618)	24,481
Cash flow from investing activities		
Acquisition of fixed assets (note 11 c))	**(65,016)**	(65,667)
Increase in deferred charges	**(3,064)**	(3,214)
Other	**20**	16
	(68,060)	(68,865)
Cash flow from financing activities		
Increase in bank indebtedness	**44,336**	21,631
Net increase under the term facility	**14,916**	8,297
Issuance of long-term debt, net of discounts and transaction costs	**—**	254,771
Repayment of long-term debt and settlement of derivative financial instruments	**(1,215)**	(239,734)
Issue of subordinate voting shares	**—**	278
Acquisition of treasury shares (note 9)	**(1,744)**	—
Dividends on multiple voting shares	**(2,197)**	(1,883)
Dividends on subordinate voting shares	**(4,601)**	(3,940)
	49,495	39,420
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**202**	687
Net change in cash and cash equivalents	**(21,981)**	(4,277)
Cash and cash equivalents at beginning	**39,458**	36,371
Cash and cash equivalents at end	**17,477**	32,094

See supplemental cash flow information in note 11.

COGECO CABLE INC.

Notes to Consolidated Financial Statements
November 30, 2009
(unaudited)
(amounts in tables are in thousands of dollars, except number of shares and per share data)

1. Basis of Presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), present fairly the financial position of Cogeco Cable Inc. ("the Corporation") as at November 30, 2009 and August 31, 2009 as well as its results of operations and its cash flows for the three month periods ended November 30, 2009 and 2008.

While management believes that the disclosures presented are adequate, these unaudited interim consolidated financial statements and notes should be read in conjunction with Cogeco Cable Inc.'s annual consolidated financial statements for the year ended August 31, 2009. These unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for the adoption of the new accounting policies described below.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, *Goodwill and intangible assets*, replacing Section 3062, *Goodwill and other intangible assets* and Section 3450, *Research and development costs*. The new Section established standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill remained unchanged from the standards included in the previous Section 3062. The new Section was applicable to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with retroactive application. The adoption of Section 3064 eliminated the deferral of new service launch costs which are now recognized as an expense when they are incurred. Reconnect and additional services activation costs are capitalized up to an amount not exceeding the revenue generated by the reconnect activity. Consequently, the Corporation adjusted opening retained earnings on a retroactive basis and the prior period comparative figures have been restated. The adoption of this new section had the following impacts on the Corporation's consolidated financial statements:

Consolidated statement of income

	Three months ended November 30, 2008
Increase (decrease)	$
Operating costs	3,993
Amortization of deferred charges	(3,176)
Future income tax expense	(211)
Net income	(606)

Consolidated balance sheets

	August 31, 2009	September 1, 2008
Increase (decrease)	$	$
Deferred charges	(34,491)	(32,325)
Future income tax liabilities	(10,212)	(9,599)
Retained earnings (deficit)	(24,279)	(22,726)

2. Segmented Information

The Corporation's activities are comprised of Cable Television, High Speed Internet ("HSI"), Telephony and other telecommunications services. The Corporation considers its Cable Television, HSI, Telephony and other telecommunications activities as a single operating segment. The Corporation's activities are carried out in Canada and in Europe.

The principal financial information per business segment is presented in the table below:

	Canada		Europe		Consolidated	
Three months ended November 30,	**2009**	2008	**2009**	2008	**2009**	2008
	$	$	**$**	$	**$**	$
		(restated)		(restated)		(restated)
Revenue	**264,360**	237,374	**53,005**	62,064	**317,365**	299,438
Operating costs	**145,589**	136,477	**42,829**	41,250	**188,418**	177,727
Management fees − COGECO Inc.	**6,341**	5,981	**—**	—	**6,341**	5,981
Operating income before amortization	**112,430**	94,916	**10,176**	20,814	**122,606**	115,730
Amortization	**45,414**	40,204	**20,151**	20,542	**65,565**	60,746
Operating income (loss)	**67,016**	54,712	**(9,975)**	272	**57,041**	54,984
Financial expense (revenue)	**15,875**	23,405	**266**	(11)	**16,141**	23,394
Income taxes	**(17,218)**	10,177	**1,452**	(1,532)	**(15,766)**	8,645
Net income (loss)	**68,359**	21,130	**(11,693)**	1,815	**56,666**	22,945
Total assets [(1)]	**2,277,280**	2,262,639	**354,874**	368,273	**2,632,154**	2,630,912
Fixed assets [(1)]	**1,022,353**	1,011,767	**286,135**	290,471	**1,308,488**	1,302,238
Intangible assets [(1)]	**1,021,241**	1,022,434	**—**	—	**1,021,241**	1,022,434
Goodwill [(1)]	**116,243**	116,243	**33,372**	37,452	**149,615**	153,695
Acquisition of fixed assets [(2)]	**52,148**	55,751	**13,009**	10,855	**65,157**	66,606

[(1)] At November 30, 2009 and August 31, 2009.
[(2)] Includes capital leases that are excluded from the consolidated statements of cash flows.

3. Amortization

	Three months ended November 30,	
	2009	2008
	$	$
		(restated)
Fixed assets	**61,565**	54,270
Deferred charges	**2,807**	2,607
Intangible assets	**1,193**	3,869
	65,565	60,746

4. Financial expense

	Three months ended November 30,	
	2009	2008
	$	$
Interest on long-term debt	**15,819**	20,027
Foreign exchange losses (gains)	**(488)**	3,784
Amortization of deferred transaction costs	**407**	407
Other	**403**	(824)
	16,141	23,394

5. Income Taxes

	Three months ended November 30,	
	2009	2008
	$	$
		(restated)
Current	**(22,187)**	5,945
Future	**6,421**	2,700
	(15,766)	8,645

5. Income Taxes (continued)

The following table provides the reconciliation between Canadian statutory federal and provincial income taxes and the consolidated income tax expense:

	Three months ended November 30,	
	2009	2008
	$	$
		(restated)
Income before income taxes	**40,900**	31,590
Combined income tax rate	**31.51 %**	32.56 %
Income taxes at combined income tax rate	**12,888**	10,285
Adjustment for losses or income subject to lower or higher tax rates	**(2,378)**	(227)
Decrease in future income taxes as a result of decrease in substantively enacted tax rates	**(29,782)**	—
Utilization of pre-acquisition tax losses	**4,432**	—
Income taxes arising from non-deductible expenses	**203**	77
Effect of foreign income tax rate differences	**247**	(1,604)
Other	**(1,376)**	114
Income taxes at effective income tax rate	**(15,766)**	8,645

6. Earnings per Share

The following table provides the reconciliation between basic and diluted earnings per share:

	Three months ended November 30,	
	2009	2008
	$	$
		(restated)
Net income	**56,666**	22,945
Weighted average number of multiple voting and subordinate voting shares outstanding	**48,550,216**	48,523,769
Effect of dilutive stock options [(1)]	**81,872**	212,875
Effect of dilutive incentive share units	**8,310**	—
Weighted average number of diluted multiple voting and subordinate voting shares outstanding	**48,640,398**	48,736,644
Earnings per share		
Basic	**1.17**	0.47
Diluted	**1.16**	0.47

[(1)] For the three month period ended November 30, 2009, 269,857 stock options (109,497 in 2008) were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

7. Goodwill and Other Intangible Assets

	November 30, 2009	August 31, 2009
	$	$
Customer relationships	**31,689**	32,882
Customer base	**989,552**	989,552
	1,021,241	1,022,434
Goodwill	**149,615**	153,695
	1,170,856	1,176,129

a) Intangible assets

During the first three months, intangible assets variations were as follows:

	Customer relationships	Customer base	Total
	$	**$**	**$**
Balance as at August 31, 2009	**32,882**	**989,552**	**1,022,434**
Amortization	**(1,193)**	**—**	**(1,193)**
Balance as at November 30, 2009	**31,689**	**989,552**	**1,021,241**

b) Goodwill

During the first three months, goodwill variation was as follows:

	$
Balance as at August 31, 2009	**153,695**
Recognition of pre-acquisition tax losses	**(4,432)**
Foreign currency translation adjustment	**352**
Balance as at November 30, 2009	**149,615**

On November 25, 2009, the Corporation's subsidiary, Cabovisão-Televisão por Cabo, S.A., received approval to its request for preservation of tax losses for the years preceeding the 2006 taxation year. Accordingly, the recognition of these pre-acquisition tax losses in the three month period ended November 30, 2009, has reduced goodwill by approximately $4.4 million.

8. Long-Term Debt

	Maturity	Interest rate	November 30, 2009	August 31, 2009
		%	**$**	$
Parent company				
Term Facility				
Term loan – €78,413,625	2011	1.19 [1][2]	**123,949**	122,674
Term loan – €17,358,700	2011	1.19 [1][2]	**27,423**	27,142
Revolving loan – €40,000,000	2011	1.19 [1]	**63,408**	62,792
Revolving loan	2011	2.25	**15,000**	—
Senior Secured Notes Series B	2011	7.73	**174,582**	174,530
Senior Secured Notes				
Series A – US$190 million	2015	7.00	**199,169**	206,606
Series B	2018	7.60	**54,584**	54,576
Senior Secured Debentures Series 1	2014	5.95	**296,922**	296,860
Senior Unsecured Debenture	2018	5.94	**99,791**	99,786
Subsidiaries				
Obligations under capital leases	2013	6.73 – 9.93	**8,422**	9,496
			1,063,250	1,054,462
Less current portion			**44,661**	44,674
			1,018,589	1,009,788

(1) Interest rate on debt as at November 30, 2009, including stamping fees.

(2) On January 21, 2009, the Corporation entered into a swap agreement with a financial institution to fix the floating benchmark interest rate with respect to the Euro-denominated Term Loan facilities for a notional amount of €111.5 million. The interest swap rate to hedge the Term Loans has been fixed at 2.08% until their maturity on July 28, 2011. The notional value of the swap will decrease in line with the amortization schedule of the Term Loans. In addition to the interest swap rate of 2.08%, the Corporation will continue to pay the applicable margin on these Term Loans in accordance with the Term Facility.

9. Capital Stock

Authorized, an unlimited number

Class A Preference shares, without voting rights, redeemable by the Corporation and retractable at the option of the holder at any time at a price of $1 per share, carrying a cumulative preferential cash dividend at a rate of 11% of the redemption price per year.

Class B Preference shares, without voting rights, could be issued in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

Issued

	November 30, 2009	August 31, 2009
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
32,867,426 subordinate voting shares	**891,715**	891,715
	990,061	990,061

Stock-based plans

The Corporation offers, for the benefit of its employees and those of its subsidiaries, an Employee Stock Purchase Plan and a Stock Option Plan for certain executives, which are described in the Corporation's annual consolidated financial statements. During the three months of 2010, the Corporation granted 63,695 stock options (133,381 in 2008) with an exercise price of $31.82 ($34.46 in 2008) of which 33,266 stock options (29,711 in 2008) were granted to COGECO Inc.'s employees. During the first three months of 2010, the Corporation charged COGECO Inc. an amount of $115,000 ($12,000 in 2008) with regards to the Corporation's options granted to COGECO Inc.'s employees. As a result, a compensation expense of $222,000 ($89,000 in 2008) was recorded for the three month period ended November 30, 2009.

The weighted average fair value of stock options granted for the three month period ended November 30, 2009 was $8.11 ($8.96 in 2008) per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining stock-based compensation expense using the binomial option pricing model based on the following assumptions:

	2009	2008
	%	%
Expected dividend yield	**1.49**	1.40
Expected volatility	**29**	29
Risk-free interest rate	**2.67**	4.22
Expected life in years	**4.8**	4.0

9. Capital Stock (continued)

At November 30, 2009, the Corporation had outstanding stock options providing for the subscription of 770,042 subordinate voting shares. These stock options can be exercised at various prices ranging from $7.05 to $49.82 and at various dates up to October 29, 2019.

Effective October 29, 2009, the Corporation established a senior executive and designated employee incentive share unit plan. According to the plan, senior executives and designated employees periodically receive a given number of units ("Incentive Share Units") which entitle the participant to receive subordinate voting shares of the Corporation after three years less one day from the date of grant. During the first three months of 2010, the Corporation granted 55,094 Incentive Share Units of which 9,981 Incentive Share Units were granted to COGECO Inc.'s employees. The Corporation establishes the value of the compensation related to the Incentive Share Units granted based on the fair value of the Corporation's subordinate voting shares at the date of grant and a compensation expense is recognized over the vesting period, which is three years. A Trust was created for the purpose of purchasing these shares on the stock market in order to guard against stock price fluctuation. The Corporation instructed the trustee to purchase 55,094 subordinate voting shares of the Corporation on the stock market. These shares were purchased for a cash consideration aggregating $1,744,000 and are held in trust for the participants until they are fully vested. The Trust, considered as a variable interest entity, is consolidated in the Corporation's financial statements with the value of the acquired shares presented as treasury shares in reduction of capital stock. A compensation expense of $44,000 was recorded for the three month period ended November 30, 2009 related to this plan. During the first three months of 2010, the Corporation charged COGECO Inc. an amount of $9,000 with regard to the Corporation's Incentive Share Units granted to COGECO Inc.'s employees.

The Corporation also offers a deferred share unit plan ("DSU Plan") which is described in the Corporation's annual consolidated financial statements. During the first quarter, the Corporation did not award any deferred share units to the participants in connection with the DSU Plan. A compensation expense of $69,000 (reduction of expense of $45,000 in 2008) was recorded for the three month period ended November 30, 2009 for the liability related to this plan.

10. Accumulated Other Comprehensive Income

	Translation of a net investment in self-sustaining foreign subsidiaries $	Cash flow hedges $	Total $
Balance as at August 31, 2009	**23,610**	**(4,029)**	**19,581**
Other comprehensive income	**635**	**2,710**	**3,345**
Balance as at November 30, 2009	**24,245**	**(1,319)**	**22,926**

11. Statements of Cash Flows

a) Changes in non-cash operating items

	Three months ended November 30,	
	2009	2008
	$	$
Accounts receivable	**(3,252)**	(1,565)
Income taxes receivable	**(20,531)**	(3,833)
Prepaid expenses	**(1,174)**	1,397
Accounts payable and accrued liabilities	**(70,809)**	(43,459)
Income tax liabilities	**(40,279)**	(16,902)
Deferred and prepaid revenue and other liabilities	**2,198**	1,226
	(133,847)	(63,136)

b) Cash and cash equivalents

	November 30, 2009	August 31, 2009
	$	$
Cash	**7,173**	23,760
Cash equivalents [(1)]	**10,304**	15,698
	17,477	39,458

[(1)] Term deposit of €6,500,000, 0.30%, maturing on December 4, 2009 (€10,000,000, 0.67%, maturing on September 14, 2009 at August 31, 2009).

c) Other information

	Three months ended November 30,	
	2009	2008
	$	$
Fixed asset acquisitions through capital leases	**141**	939
Financial expense paid	**20,938**	21,497
Income taxes paid	**38,624**	26,686

12. Employees Future Benefits

The Corporation and its Canadian subsidiaries offer their employees contributory defined benefit pension plans, a defined contribution pension plan or a collective registered retirement savings plan, which are described in the Corporation's annual consolidated financial statements. The total expenses related to these plans are as follows:

	Three months ended November 30,	
	2009	2008
	$	$
Contributory defined benefit pension plans	**377**	346
Defined contribution pension plan and collective registered retirement savings plan	**1,095**	896
	1,472	1,242

13. Financial and Capital Management

a) Financial management

Management's objectives are to protect Cogeco Cable Inc. and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit risk, liquidity risk, interest rate risk and foreign exchange risk.

Credit risk

Credit risk represents the risk of financial loss for the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the balance sheet.

Credit risk from the derivative financial instruments arises from the possibility that counterparties to the cross-currency swap and interest rate swap agreements may default on their obligations in instances where these agreements have positive fair values for the Corporation. The Corporation reduces this risk by completing transactions with financial institutions that carry a credit rating equal to or superior to its own credit rating. The Corporation assesses the creditworthiness of the counterparties in order to minimize the risk of counterparties default under the agreements. At November 30, 2009, management believes that the credit risk relating to its swaps is minimal, since the lowest credit rating of the counterparties to the agreements is "A".

Cash and cash equivalents consist mainly of highly liquid investments, such as money market deposits. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

13. Financial and Capital Management (continued)

The Corporation is also exposed to credit risk in relation to its trade accounts receivable. In the current global economic environment, the Corporation's credit exposure is higher but it is difficult to predict the impact this could have on the Corporation's account receivable balances. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new major customer. At November 30, 2009, no customer balance represents a significant portion of the Corporation's consolidated trade receivables. The Corporation establishes an allowance for doubtful accounts based on specific credit risk of its customers by examining such factors as the number of overdue days of the customer's balance outstanding as well as the customer's collection history. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Since the Corporation has a large and diversified clientele dispersed throughout its market area in Canada and Portugal, there is no significant concentration of credit risk. The following table provides further details on the Corporation's accounts receivable balances:

	November 30, 2009	August 31, 2009
	$	$
Trade accounts receivable	**72,224**	67,848
Allowance for doubtful accounts	**(15,784)**	(16,399)
	56,440	51,449
Other accounts receivable	**6,952**	8,602
	63,392	60,051

The following table provides further details on trade accounts receivable, net of allowance for doubtful accounts. Trade accounts receivable past due is defined as amount outstanding beyond normal credit terms and conditions for the respective customers. A large portion of the Corporation's customers are billed in advance and are required to pay before their services are rendered. The Corporation considers amount outstanding at the due date as trade accounts receivable past due.

	November 30, 2009	August 31, 2009
	$	$
Net trade accounts receivable not past due	**42,131**	39,892
Net trade accounts receivable past due	**14,309**	11,557
	56,440	51,449

13. Financial and Capital Management (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk through the management of its capital structure and access to different capital markets. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure sufficient liquidity to meet its obligations when due. At November 30, 2009, the available amount of the Corporation's Term Facility was $593.9 million. Management believes that the committed Term Facility will, until its maturity in July 2011, provide sufficient liquidity to manage its long-term debt maturities and support working capital requirements.

The following table summarizes the contractual maturities of the financial liabilities and related capital amounts:

	2010	2011	2012	2013	2014	Thereafter	Total
	$	$	$	$	$	$	$
Bank indebtedness	44,336	—	—	—	—	—	44,336
Accounts payable and accrued liabilities	174,043	—	—	—	—	—	174,043
Long-term debt [1]	56,434	173,793	175,000	—	300,000	355,564	1,060,791
Derivative financial instruments							
Cash outflows (Canadian dollar)	—	—	—	—	—	201,875	201,875
Cash inflows (Canadian dollar equivalent of US dollar)	—	—	—	—	—	(200,564)	(200,564)
Obligations under capital leases [2]	2,873	3,313	2,298	889	35	—	9,408
	277,686	177,106	177,298	889	300,035	356,875	1,289,889

[1] Principal excluding obligations under capital leases.
[2] Including interest.

The following table is a summary of interest payable on long-term debt (excluding interest on capital leases) that are due for each of the next five years and thereafter, based on the principal amount and interest rate prevailing on the current debt at November 30, 2009 and their respective maturities:

	2010	2011	2012	2013	2014	Thereafter	Total
	$	$	$	$	$	$	$
Interest payments on long-term debt	43,554	57,425	44,260	42,005	37,543	53,054	277,841
Interest payments on derivative financial instruments	14,081	17,473	14,614	14,614	14,614	15,831	91,227
Interest receipts on derivative financial instruments	(11,841)	(15,241)	(14,039)	(14,039)	(14,039)	(15,209)	(84,408)
	45,794	59,657	44,835	42,580	38,118	53,676	284,660

13. Financial and Capital Management (continued)

Interest rate risk

The Corporation is exposed to interest rate risks for both fixed interest rate and floating interest rate instruments. Fluctuations in interest rates will have an effect on the valuation and collection or repayment of these instruments. At November 30, 2009, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Facility. However, on January 21, 2009, the Corporation entered into a swap agreement with a financial institution to fix the floating benchmark interest rate with respect to the Euro-denominated Term Loan facilities for a notional amount of €111.5 million. The interest swap rate to hedge the Term Loans has been fixed at 2.08% until their maturity on July 28, 2011. The notional value of the swap will decrease in line with the amortization schedule of the Term Loans. In addition to the interest swap rate of 2.08%, the Corporation will continue to pay the applicable margin on these Term Loans in accordance with the Term Facility. The Corporation elected to apply cash flow hedge accounting on this derivative financial instrument. The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to the Term Facility is approximately $0.8 million based on the current debt at November 30, 2009 and taking into consideration the effect of the interest rate swap agreement.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk related to its long-term debt denominated in US dollars. In order to mitigate this risk, the Corporation has established guidelines whereby currency swap agreements can be used to fix the exchange rates applicable to its US dollar denominated long-term debt. All such agreements are exclusively used for hedging purposes. Accordingly, on October 2, 2008, the Corporation entered into cross-currency swap agreements to set the liability for interest and principal payments on its US$190 million Senior Secured Notes Series A issued on October 1, 2008. These agreements have the effect of converting the US interest coupon rate of 7.00% per annum to an average Canadian dollar interest rate of 7.24% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at $1.0625. The Corporation elected to apply cash flow hedge accounting on these derivative financial instruments.

The Corporation is also exposed to foreign exchange risk on cash and cash equivalents, bank indebtedness and accounts payable denominated in US dollars or Euros. At November 30, 2009, cash and cash equivalents denominated in US dollars amounted to US$2,309,000 (US$5,555,000 at August 31, 2009) while accounts payable denominated in US dollars amounted to US$4,014,000 (US$14,997,000 at August 31, 2009). At November 30, 2009, Euro-denominated cash and cash equivalents amounted to €607,000 (bank indebtedness of €299,000 at August 31, 2009) while accounts payable denominated in Euros amounted to €146,000 (€26,000 at August 31, 2009). Due to their short-term nature, the risk arising from fluctuations in foreign exchange rates is usually not significant. The impact of a 10% change in the foreign exchange rates (US dollar and Euros) would change financial expense by approximately $0.1 million.

Furthermore, the Corporation's net investment in self-sustaining foreign subsidiaries is exposed to market risk attributable to fluctuations in foreign currency exchange rates, primarily changes in the values of the Canadian dollar versus the Euro. This risk is mitigated since the major part of the purchase price for Cabovisão-Televisão por Cabo, S.A. was borrowed directly in Euros. At November 30, 2009, the net investment amounted to €175,302,000 (€183,220,000 at August 31, 2009) while long-term debt denominated in Euros amounted to €135,772,000 (€135,772,000 at August 31, 2009). The exchange rate used to convert the Euro currency into Canadian dollars for the balance sheet accounts at November 30, 2009 was $1.5852 per Euro compared to $1.5698 per Euro at August 31, 2009. The impact of a 10% change in the exchange rate of the Euro into Canadian dollars would change financial expense by approximately $0.5 million and other comprehensive income by approximately $6.3 million.

13. Financial and Capital Management (continued)

Fair value

Fair value is the amount at which willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. Fair values are estimated at a specific point in time, by discounting expected cash flows at rates for debts of the same remaining maturities and conditions. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore, cannot be determined with precision. In addition, income taxes and other expenses that would be incurred on disposition of these financial instruments are not reflected in the fair values. As a result, the fair values are not necessarily the net amounts that would be realized if these instruments were settled.

The carrying value of all the Corporation's financial instruments approximates fair value, except as otherwise noted in the following table:

	November 30, 2009		August 31, 2009	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Long-term debt	**1,063,250**	**1,154,307**	1,054,462	1,116,829

b) Capital management

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including growth opportunities. The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debts using cash generated by operations and the level of distribution to shareholders.

The capital structure of the Corporation is composed of shareholders' equity, bank indebtedness, long-term debt and assets or liabilities related to derivative financial instruments.

The provisions under the Term Facility provide for restrictions on the operations and activities of the Corporation. Generally, the most significant restrictions relate to permitted investments and dividends on multiple and subordinate voting shares, as well as incurrence and maintenance of certain financial ratios primarily linked to the operating income before amortization, financial expense and total indebtedness. At November 30, 2009, and August 31, 2009, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

The following table summarizes certain of the key ratios used to monitor and manage the Corporation's capital structure:

	November 30, 2009	August 31, 2009
		(restated)
Net indebtedness [(1)] / Shareholders' equity	**1.0**	1.0
Net indebtedness [(1)] / Operating income before amortization [(2)]	**2.1**	2.0
Operating income before amortization [(2)] / Financial expense [(2)]	**8.2**	7.3

[(1)] Net indebtedness is defined as the total of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments, less cash and cash equivalents.

[(2)] Calculation based on operating income before amortization for the last twelve month period ended November 30, 2009, and August 31, 2009.