



SHAREHOLDERS' REPORT

Second Quarter Ended February 28, 2009

FINANCIAL HIGHLIGHTS

	Quarters ended			Six months ended		
	February 28, 2009	February 29, 2008 ⁽¹⁾	Change	February 28, 2009	February 29, 2008 ⁽¹⁾	Change
<i>(\$000, except percentages and per share data)</i>	\$	\$	%	\$	\$	%
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Revenue	304,920	265,102	15.0	604,358	516,935	16.9
Operating income before amortization ⁽²⁾	125,461	108,658	15.5	245,184	205,960	19.0
Operating income	58,817	52,669	11.7	114,618	97,284	17.8
Impairment of goodwill and intangible assets	399,648	–	–	399,648	–	–
Net income (loss)	(358,569)	49,911	–	(335,018)	70,274	–
Net income excluding the impairment loss and the income tax adjustment ⁽²⁾	25,061	25,909	(3.3)	48,612	46,272	5.1
Cash flow from operating activities	118,440	90,991	30.2	146,914	136,336	7.8
Cash flow from operations ⁽²⁾	99,086	85,273	16.2	190,696	165,026	15.6
Capital expenditures and increase in deferred charges	68,121	65,968	3.3	141,934	124,112	14.4
Free cash flow ⁽²⁾	30,965	19,305	60.4	48,762	40,914	19.2
Earnings (loss) per share						
Basic	(7.39)	1.03	–	(6.90)	1.45	–
Diluted	(7.39)	1.02	–	(6.90)	1.44	–
Earnings per share excluding the impairment loss and the income tax adjustment ⁽²⁾						
Basic	0.52	0.53	(1.9)	1.00	0.96	4.2
Diluted	0.51	0.53	(3.8)	1.00	0.95	5.3

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

⁽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.

FORWARD-LOOKING STATEMENTS

Certain statements in this report 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 2008 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 2008 Annual Report. Throughout this discussion, all amounts are in Canadian dollars unless otherwise indicated.

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⁾. Below are the recent achievements in furthering Cogeco Cable's objectives.

Continuous improvement of the service offering and expansion of the customer base

Canadian operations

- Digital Television service:
 - During the second quarter, the following Digital and High Definition ("HD") Television services were launched:
 - TSN2 HD, Teletoon Retro and Sportsnet East HD in Québec.
- Telephony service:
 - During the second quarter, the Telephony service was launched in the following cities:
 - Callander, Ingleside, Long Sault and Lancaster, Ontario;
 - Daveluyville, Chambord, Desbiens, Lac Bouchette, Metabetchouan, Normandin, St-Ferdinand-d'Halifax, St-Gédéon, Tring Jonction, Amqui, Batiscan, Causapscal, Lac-au-Saumon, St-Stanislas, St-Ulric, Ste-Anne-de-la-Pérade, Sayabec et Val-Brillant, Québec.
- High Speed Internet service :
 - Launch of a new High Speed Internet ("HSI") package, HSI Lite Plus, in Ontario and in Québec with download speeds of up to 3 Mbps and a monthly load bit capacity of 20 GB.
- Cogeco Data Services:
 - During the second quarter, announcement of a 10-year, \$39 million contract with the Toronto District School Board ("TDSB").

European operations

- Bundled offers:
 - Cabovisão - Televisão por Cabo, S.A. ("Cabovisão") realigned some of its bundle offers for certain customers and is currently assessing improvements to its retention strategies;
- Digital Television service:
 - Continued deployment of Cabovisão's Digital Television service;
 - Launch of SET channel, Sony Entertainment, Animax, Benfica TV, Disney Channel and Disney Cinemagic;

⁽¹⁾ Represents the sum of Basic Cable, 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.

- Launch of a new HD Set Top Box with Digital Video recording capabilities (HD + DVR).
- High Speed Internet service:
 - During the second quarter, Cabovisão ceased charging for excess consumption for HSI customers.

Continuous improvement of networks and equipment

- During the first six months of fiscal 2009, the Corporation invested approximately \$48.3 million in its infrastructure including head-ends and upgrades and rebuilds.

Tight control over costs and business processes

- For the first six months of the 2009 fiscal year, consolidated operating costs excluding management fees payable to COGECO Inc. increased by 15.8%, while revenue grew by 16.9% for the same periods;
- Cabovisão continued to improve its business processes, and at the end of the second quarter, reinforced controls over its doubtful accounts;
- The design of internal controls over financial reporting as per National Instrument 52-109 is still ongoing. As discussed in the 2008 annual MD&A, the Corporation had identified certain material weaknesses in the design of internal controls over financial reporting and has been working to improve the design and efficiency of internal controls on some significant processes during the quarter. The documentation and remediation of key internal controls are progressing normally.

Effective management of capital

- On January 22, 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 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 this fixed interest rate, Cogeco Cable will continue to pay the applicable margin on these Term Loans in accordance with its Term Facility. At February 28, 2009, 76% of Cogeco Cable's debt is at fixed interest rates;
- On October 1, 2008, the Corporation completed, pursuant to a private placement, the issue of 7.00% Senior Secured Notes Series A for US\$190 million maturing October 1, 2015, and 7.60% Senior Secured Notes Series B for \$55 million maturing October 1, 2018. The Corporation also entered into cross-currency swap agreements to fix the liability for interest and principal payments on the total of its Senior Secured Notes Series A. Interest on the Notes is payable semi-annually on April 1 and October 1 of each year commencing April 1, 2009. The aggregate gross proceeds from the issuance of these Notes amounted to approximately \$257 million. Net proceeds of approximately \$255 million, after underwriters' fees and other expenses, were used to repay maturing debt and reduce bank indebtedness.

RGU growth

During the first six months ended February 28, 2009, the consolidated number of RGU increased by 78,340, or 2.9%, to reach 2,795,214 RGU, on target to attain the Corporation's RGU growth projections of 100,000 net additions issued on October 29, 2008 and revised on April 8, 2009, which represents approximately 3.7%, for the fiscal year ending August 31, 2009. Please consult the "Fiscal 2009 financial guidelines" section for further details.

Revenue growth

Second-quarter revenue increased by \$39.8 million, or 15%, when compared to the same period of the prior year, to reach \$304.9 million. During the first six months of 2009, revenue increased by \$87.4 million, or 16.9%, to reach \$604.4 million. Due to the difficult environment in the Portuguese market, management has revised downward its guidelines and now expect that revenue should reach \$1,205 million a decrease of \$5 million compared to its original guidelines. Please consult the "Fiscal 2009 financial guidelines" section for further details.

Free cash flow

In the second quarter and first six months, Cogeco Cable generated free cash flows of \$31 million and of \$48.8 million compared to \$19.3 million and \$40.9 million, respectively, for the same periods last year, representing increases of 60.4% and 19.2%. These free cash flow increases resulted mainly from an increase in cash flow from operations⁽¹⁾, resulting

⁽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.

primarily from the improvement of the Corporation's operating income before amortization⁽¹⁾, partly offset by an increase in capital expenditures and by the impact of the rapid appreciation of the US dollar over the Canadian dollar in the first six months of the year. Due to the difficult environment in the Portuguese market partly offset by the appreciation of the Euro currency over the Canadian dollar, management has revised downward its guidelines and now expect that free cash flow should reach \$80 million, a decrease of \$10 million compared to its original guidelines. Please consult the "Fiscal 2009 financial guidelines" section for further details.

IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

In the second quarter of fiscal 2009, the competitive position of Cabovisão in the Iberian Peninsula further deteriorated due to the continuing unfavourable economic climate and recurring intense customer promotions and advertising initiatives from competitors in the Portuguese market at the end of the second quarter. Please refer to "European operations" section for further details. In accordance with current accounting standards, management considers that the continued RGU and local currency revenue decline are more significant and persistent than expected, resulting in a decrease in the value of the Corporation's investment in the Portuguese subsidiary. As a result, the Corporation tested goodwill and all long-lived assets for impairment at February 28, 2009.

Goodwill has to be tested for impairment using a two step approach. The first step consists of determining whether the fair value of the reporting unit exceeds the net carrying amount of that reporting unit, including goodwill. In the event that the net carrying amount exceeds the fair value, a second step is performed in order to determine the amount of the impairment loss. The Corporation has completed its impairment tests on goodwill and has concluded that goodwill was impaired at February 28, 2009. As a result, a non-cash impairment loss of \$339.2 million was recorded in the second quarter. Fair value of the reporting unit was determined using the discounted cash flow method. Future cash flows are based on internal forecasts and consequently, considerable management judgement is necessary to estimate future cash flows. Significant changes in assumptions could result in further impairments of goodwill.

Intangible assets with definite lives, such as customer relationships, must be tested for impairment by comparing the carrying amount of the asset or group of assets to the expected future undiscounted cash flow to be generated by the asset or group of assets. Accordingly, the Corporation has completed its impairment test on customer relationships at February 28, 2009, and has determined that the carrying value of customer relationships exceeds its fair value. As a result, a non-cash impairment loss of \$60.4 million was recorded in the second quarter.

The impairment loss affected the Corporation's goodwill and customer relationship asset balances as follows at February 28, 2009:

<i>(\$000)</i>	\$
	(unaudited)
Goodwill	339,206
Customer relationships	60,442
Future income taxes	(16,018)
Impairment loss net of related income taxes	383,630

OPERATING RESULTS – CONSOLIDATED OVERVIEW

(\$000, except percentages)	Quarters ended			Six months ended		
	February 28, 2009	February 29, 2008 ⁽¹⁾	Change	February 28, 2009	February 29, 2008 ⁽¹⁾	Change
	\$	\$	%	\$	\$	%
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Revenue	304,920	265,102	15.0	604,358	516,935	16.9
Operating costs	176,421	152,765	15.5	350,155	302,261	15.8
Management fees - COGECO Inc.	3,038	3,679	(17.4)	9,019	8,714	3.5
Operating income before amortization	125,461	108,658	15.5	245,184	205,960	19.0
Operating margin ⁽²⁾	41.1%	41.0%		40.6%	39.8%	

(1) Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

(2) Operating margin 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.

Revenue

Fiscal 2009 second-quarter consolidated revenue improved by \$39.8 million, or 15%, to reach \$304.9 million, and first six-month consolidated revenue by \$87.4 million, or 16.9%, to reach \$604.4 million, when compared to the prior year. Driven by an increased number of RGU combined with rate increases and the acquisition of MaXess Network®, FibreWired Burlington Hydro Communications and Cogeco Data Services (the "recent acquisitions") in the second half of fiscal 2008, second-quarter Canadian operations revenue went up by \$38.5 million, or 18.8%, and for the first six months by \$79.6 million, or 19.8%.

Fiscal 2009 second-quarter European operations revenue increased by \$1.3 million, or 2.2%, to reach \$61.2 million, and first six month revenue by \$7.8 million, or 6.7%, to reach \$123.3 million, compared to the same period last year. The increase is due to the strength of the Euro against the Canadian dollar, despite a RGU loss in the first six months of the year. Revenue from the European operations in the local currency for the second quarter amounted to €37.6 million, a decrease of €3 million, or 7.4%, and to €77.8 million, a decrease of €2.3 million, or 2.8%, for the first six months.

Operating costs

For the second quarter and first six months of fiscal 2009, operating costs, excluding management fees payable to COGECO Inc., increased by \$23.7 million and \$47.9 million to reach \$176.4 million and \$350.2 million, respectively, increases of 15.5% and 15.8% compared to the prior year. Operating costs increased due to the servicing of additional RGU and the impact of the recent acquisitions in Canada, and in Europe, due to the appreciation of the Euro over the Canadian dollar and an increase in the level of uncollectible customer accounts.

Operating income before amortization

Fiscal 2009 second quarter and first six-month operating income before amortization increased by \$16.8 million, or 15.5%, to reach \$125.5 million, and by \$39.2 million, or 19%, to reach \$245.2 million, respectively, as a result of various rate increases, recent acquisitions, and RGU growth generating additional revenues which outpaced operating cost increases. Cogeco Cable's second quarter operating margin remained essentially the same at 41.1% compared to 41% for the same period of the prior year. The operating margin in Canada improved to 44.2% from 42.3% which offset the decrease in the European operating margin to 29.1% from 36.6%.

For the first six months of fiscal 2009, the consolidated operating margin improved to 40.6% from 39.8% with the Canadian operating margin improving to 42.9% from 41.5% and the European operating margin decreasing to 31.4% from 34% the year before.

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 annual upwards adjustments based on increases in the Consumer Price Index in Canada. Accordingly, for fiscal 2009, management fees have been set at a maximum of \$9 million, which was reached in the second quarter. For fiscal 2008, management fees were set at a maximum of \$8.7 million, and were fully paid in the first six months of the year.

Furthermore, Cogeco Cable granted 29,711 stock options to COGECO Inc.'s employees during the first six months of fiscal 2009, compared to 22,683 for the same period last year. During the second 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, for a total charge of \$0.1 million in the first six months of the year, compared to \$0.1 million and \$0.2 million, for the same periods of the prior year. Details regarding the management agreement and stock options granted to COGECO Inc.'s employees are provided in the MD&A of the Corporation's 2008 Annual Report. There were no other material related party transactions during the quarter.

FIXED CHARGES

	Quarters ended			Six months ended		
	February 28,	February 29,	Change	February 28,	February 29,	Change
	2009	2008 ⁽¹⁾		2009	2008 ⁽¹⁾	
<i>(\$000, except percentages)</i>	\$	\$	%	\$	\$	%
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Amortization	66,644	55,989	19.0	130,566	108,676	20.1
Financial expense	17,988	17,136	5.0	41,382	33,013	25.4

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

The second-quarter and first six months of 2009 amortization amounted to \$66.6 million and \$130.6 million, respectively, compared to \$56 million and \$108.7 million for the same periods the year before. The increase is mainly due to additional capital expenditures arising from customer premise equipment acquisitions to sustain RGU growth, to the recent acquisitions in Canada and to the appreciation of the Euro currency over the Canadian dollar.

Second-quarter and first six-month period financial expense increased by \$0.9 million and \$8.4 million compared to the same periods in 2008 due to the rapid appreciation of the US dollar and the Euro over the Canadian dollar in the first six months of the year and the increase in the level of Indebtedness (defined as bank indebtedness, derivative financial instruments and long-term debt). More specifically, financial expense was adversely impacted by foreign exchange losses amounting to \$0.6 million and \$4.4 million in the second quarter and first half of fiscal 2009, respectively, as the majority of customer premise equipment is purchased and subsequently paid in US dollars. The losses in the first half of the year were essentially due to the unusually high US dollar volatility with the Bank of Canada closing rate fluctuating from CA\$1.0620 per US dollar at August 31, 2008 to CA\$1.2723 per US dollar at February 27, 2009, reaching a high of CA\$1.2935 per US dollar on November 20, 2008. For the corresponding periods of the prior year, the Corporation recorded foreign exchange losses of \$0.2 million and foreign exchange gains of \$0.9 million, respectively.

INCOME TAXES

Fiscal 2009 second-quarter income tax expense recovery amounted to \$0.3 million compared to a recovery of \$14.4 million in fiscal 2008, and for the first six months, the income tax expense amounted to \$8.6 million compared to a recovery of \$6 million in the prior year. The income tax recoveries for the current year include a future income tax recovery of \$16 million related to the impairment loss recorded in the second quarter. Prior year income tax amounts include the impact of the reduction in corporate income tax rates announced on October 16, 2007 by the Canadian federal government in its Economic Statement and considered substantively enacted on December 14, 2007 (the "income tax adjustment"). The reduction of these corporate income tax rates reduced future income tax expense by \$24 million in the second quarter and first six months of fiscal 2008. Excluding the effect of the impairment loss in the current year and the tax rate reductions in the prior year, income tax expense would have amounted to \$15.8 million and \$24.6 million for the second quarter and first six months of fiscal 2009, compared to \$9.6 million for the second quarter and \$18 million for the first half of fiscal 2008. The increases in income tax expense for fiscal 2009 are mainly due to the increase in operating income before amortization surpassing that of the fixed charges.

NET INCOME (LOSS)

Fiscal 2009 second quarter net loss amounted to \$358.6 million, or \$7.39 per share, compared to a net income of \$49.9 million, or \$1.03 per share, for the same period in 2008. For the first half of fiscal 2009, net loss amounted to \$335 million, or \$6.90 per share, compared to a net income of \$70.3 million, or \$1.45 per share. Fiscal 2009 net losses are due to the impairment loss net of related income taxes of \$383.6 million recorded in the second quarter of the year, as described in the "Impairment of goodwill and intangible assets" section. Furthermore, 2008 second quarter net income included the income tax adjustment of \$24 million described above. Excluding the effect of the impairment loss and the income tax adjustment⁽¹⁾, net income would have amounted to \$25.1 million, or \$0.52 per share⁽¹⁾, and \$48.6 million, or \$1.00 per share, for the quarter and first six months ended February 28, 2009, respectively, compared to \$25.9 million, or \$0.53 per share, representing decreases of 3.3% and 1.9%, and \$46.3 million, or \$0.96 per share, representing increases of 5.1% and 4.2%, respectively, for the second quarter and first six months of the 2008 fiscal year. Net income reduction for the quarter has resulted from the deterioration of the financial results of the European operations and by the appreciation of the Euro currency over the Canadian dollar, partly offset by the improvement of the Canadian operations. Net income progression for the first six months has resulted mainly from the growth in operating income before amortization exceeding that of fixed charges from the Canadian operations, partly offset by the reduction in operating income before amortization, the increase in fixed charges and the unfavourable impact of the Euro currency over the Canadian dollar for the European operations.

CASH FLOW AND LIQUIDITY

(\$000)	Quarters ended		Six months ended	
	February 28,	February 29,	February 28,	February 29,
	2009	2008	2009	2008
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities				
Cash flow from operations ⁽¹⁾	99,086	85,273	190,696	165,026
Changes in non-cash operating items	19,354	5,718	(43,782)	(28,690)
	118,440	90,991	146,914	136,336
Investing activities ⁽²⁾	(67,857)	(64,571)	(140,715)	(122,641)
Financing activities ⁽²⁾	(34,623)	(20,022)	4,797	(54,423)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	641	355	1,328	202
Net change in cash and cash equivalents	16,601	6,753	12,324	(40,526)
Cash and cash equivalents, beginning of period	32,094	16,929	36,371	64,208
Cash and cash equivalents, end of period	48,695	23,682	48,695	23,682

⁽¹⁾ 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.

⁽²⁾ Excludes assets acquired under capital leases.

Fiscal 2009 second quarter cash flow from operations reached \$99.1 million, 16.2% higher than the comparable period last year, primarily due to the increase in operating income before amortization. Changes in non-cash operating items generated greater cash inflows compared to the same period last year, mainly as a result of increases in accounts payable and accrued liabilities, and a slight decrease in accounts receivable in the second quarter of fiscal 2009 compared to an increase in accounts receivable in the second quarter of the prior year, partly offset by an increase in income taxes receivable.

For the first six months of fiscal 2009, cash flow from operations reached \$190.7 million, 15.6% higher than in the prior year, primarily due to the increase in operating income before amortization, partly offset by the increase in financial expense and current income taxes. Changes in non-cash operating items generated greater cash outflows compared to the same period last year, mainly as a result of a decrease in income tax liabilities in the current year compared to an increase in the prior year and a higher increase in income taxes receivable in the first half of the year compared to the prior year, partly offset by a lower decrease in accounts payable and accrued liabilities and an increase in accounts receivable in 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.

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

(\$000)	Quarters ended		Six months ended	
	February 28,	February 29,	February 28,	February 29,
	2009	2008	2009	2008
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Customer premise equipment ⁽¹⁾	23,308	26,443	55,132	50,240
Scalable infrastructure	15,050	12,275	27,592	22,098
Line extensions	5,290	2,989	9,577	5,578
Upgrade / Rebuild	10,246	13,745	20,688	25,607
Support capital	8,448	4,422	15,959	7,078
Total capital expenditures⁽²⁾	62,342	59,874	128,948	110,601
Deferred charges and others	5,734	6,070	12,925	13,486
Total investing activities⁽²⁾	68,076	65,944	141,873	124,087

⁽¹⁾ Includes mainly new and replacement drops as well as home terminal devices.

⁽²⁾ Includes capital leases, which are excluded from the statements of cash flows.

Fiscal 2009 second quarter total capital expenditures amounted to \$62.3 million, an increase of 4.1%, when compared to the corresponding period of last year, due to the following factors:

- An increase in support capital spending due to improvements in the information systems to sustain the business activities and the acquisition of a new facility in the Canadian operations;
- An increase in scalable infrastructure capital spending mainly due to the timing of the expansion and head-end improvements, system powering and equipment reliability to sustain increased customer demand for HSI and Telephony services in Canada;
- An increase in line extensions due to the expansion of the networks in Canada;
- An increase from the appreciation of the US dollar and the Euro over the Canadian dollar;
- These increases were partly offset by a decrease in customer premise equipment spending which reflect lower RGU growth in Canadian operations and net RGU losses in European operations;
- A decrease in capital expenditures associated with network upgrades and rebuilds due to the timing of these initiatives.

Total capital expenditures in the first six months of fiscal 2009 amounted to \$128.9 million, an increase of 16.6%, when compared to the corresponding period of last year, due to the following factors:

- An increase in support capital spending due to improvements in the information systems to sustain the business activities and the acquisition of a new facility in the Canadian operations, and to the acquisition of a power generator for Cogeco Data Services in the first quarter of the year;
- An increase in customer premise equipment capital spending resulting from RGU growth in Canadian operations fuelled in part by continued interest for the HD Television service, combined with the deployment of Digital Television in Portugal, net of RGU losses in the other services in European operations;
- An increase in scalable infrastructure capital spending mainly due to the timing of the expansion and head-end improvements, system powering and equipment reliability to sustain increased customer demand for HSI and Telephony services in Canada;
- An increase in line extensions due to the expansion of the networks in Canada;
- An increase from the appreciation of the US dollar and the Euro over the Canadian dollar;
- Partly offsetting these increases, capital expenditures associated with network upgrades and rebuilds decreased due to the timing of these initiatives.

Deferred charges and others are mainly attributable to reconnect costs. For the second quarter, the increase in deferred charges and others amounted to \$5.7 million compared to \$6.1 million for the same period of the prior year. For the first half of fiscal 2009, the Corporation increased deferred charges and others by \$12.9 million compared to an increase of \$13.5 million the year before. Slower RGU growth explained the lower increases recorded in fiscal 2009.

In the second quarter and first six months, the Corporation generated free cash flows amounting to \$31 million and \$48.8 million, respectively, compared to \$19.3 million and \$40.9 million in the preceding year. The free cash flow increases over the same periods of the prior year are mainly due to an increase in cash flow from operations, resulting primarily from the improvement of the Corporation's operating income before amortization, partly offset by an increase in capital expenditures. The aggregate amount of total capital expenditures and deferred charges increased by \$2.2 million for the quarter ended February 28, 2009, and by \$17.8 million for the first half of fiscal 2009 compared to the corresponding periods of the prior year due to the factors explained above.

In the second quarter of 2009, Indebtedness affecting cash decreased by \$29.5 million due to the free cash flow of \$31 million and the increase of non-cash operating items of \$19.4 million, net of the increase in cash and cash equivalents of \$16.6 million and the dividend payment of \$5.8 million described below. During the second quarter of fiscal 2008, the level of Indebtedness affecting cash decreased by \$15.4 million, mainly due to the free cash flow of \$19.3 million, partly offset by a \$4.9 million dividend payment described below.

During the second quarter of fiscal 2009, a dividend of \$0.12 per share was paid to the holders of subordinate and multiple voting shares, totalling \$5.8 million, compared to a dividend of \$0.10 per share, or \$4.9 million the year before.

For the first six months of fiscal 2009, Indebtedness affecting cash increased by \$15.5 million due to the reduction of non-cash operating items of \$43.8 million, the increase in cash and cash equivalents of \$12.3 million and the payment of dividends totalling \$11.6 million, partly offset by the free cash flow of \$48.8 million. Indebtedness was increased through the issuance on October 1, 2008 of Senior Secured Notes, Series A and Series B, maturing October 1, 2015 and October 1, 2018, respectively, for net proceeds of approximately \$255 million, and by an increase of \$24.3 million in bank indebtedness, net of the repayment of US\$150 million Senior Secured Notes Series A and the related derivative financial instrument of \$56.2 million, both maturing on October 31, 2008, for a total of \$238.7 million, and of net repayments on the Corporation's revolving loans of \$23 million. During the first half of fiscal 2008, the level of Indebtedness affecting cash decreased by \$48 million, mainly due to the free cash flow of \$40.9 million, the reduction of \$40.5 million in cash and cash equivalents partly used to offset the \$28.7 million reduction in non-cash operating items and the increase of \$3.3 million in capital stock from the exercise of stock options. These factors have been partly offset by a dividend payment of \$9.7 million described below.

During the first half of fiscal 2009, quarterly dividends of \$0.12 per share were paid to the holders of subordinate and multiple voting shares, totalling \$11.6 million, compared to quarterly dividends of \$0.10 per share, or \$9.7 million the year before.

As at February 28, 2009, the Corporation had a working capital deficiency of \$343.9 million compared to \$607.8 million as at August 31, 2008. The decrease in the deficiency is mainly attributable to the repayment of the US\$150 million Senior Secured Notes, Series A and the related derivative financial instrument for a total of \$238.7 million on October 31, 2008, using the proceeds of issuance of the Senior Secured Notes Series A and B. 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 February 28, 2009, the Corporation had used \$476.8 million of its \$885 million Term Facility for a remaining availability of \$408.2 million.

On October 1, 2008, the Corporation completed, pursuant to a private placement, the issue 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 CA\$1.0625 per US dollar.

FINANCIAL POSITION

Since August 31, 2008, there have been major changes to the balances of "fixed assets", "intangible assets", "goodwill", "accounts payable and accrued liabilities", "future income tax assets" "income taxes receivable", "income tax liabilities", "future income tax liabilities", "cash and cash equivalents" and "Indebtedness".

The \$28.2 million increase in fixed assets is mainly related to increases in capital expenditures to sustain RGU growth, to the recent acquisitions in Canada and to the appreciation of the Euro and the US dollar over the Canadian dollar. The \$66.2 million and \$326.1 million reductions in intangible assets and goodwill and the \$13.9 million decrease in future income tax liabilities are due to the impairment loss recorded on the Corporation's investment in Cabovisão in the second quarter of the year as described in the "Impairment of goodwill and intangible assets" section, net of the appreciation of the Euro over the Canadian dollar. The \$25 million decrease in accounts payable and accrued liabilities and the \$12.3 million increase in cash and cash equivalents are related to the timing of payments made to suppliers and the fluctuations of the Euro currency over the Canadian dollar. The \$5.6 million reduction in future income tax assets is due to the utilization of Ontario minimum tax credits and tax loss carry forwards to reduce current income taxes. The \$7 million increase in income taxes receivable and the \$9.9 million decrease in income tax liabilities are due to income tax payments relating to fiscal 2008 that were made in the first quarter of fiscal 2009. Indebtedness has increased by \$35.2 million as a result of the factors previously discussed in the "Cash Flow and Liquidity" section and the unfavourable impact of the appreciation of the US dollar and the Euro over the Canadian dollar, partly offset by the increase of \$34.3 million in the fair value of the cross-currency swaps related to the Senior Secured Notes Series A issued on October 1, 2008.

A description of Cogeco Cable's share data as of March 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	902,925	
Exercisable options	521,747	

On April 6, 2009, the Corporation cancelled 206,180 options which had been conditionally granted in relation with the acquisition of Cabovisão, at a price of \$26.63 per share, subject to performance criteria of Cabovisão being met. Of these options, 93,518 were exercisable.

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 2008 annual MD&A, have not materially changed since August 31, 2008 except for the new financing discussed in the "Cash Flow and Liquidity" section.

DIVIDEND DECLARATION

At its April 8, 2009 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of \$0.12 per share for subordinate and multiple voting shares, payable on May 6, 2009, to shareholders of record on April 22, 2009. 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 periodicity may vary.

FINANCIAL MANAGEMENT

On January 22, 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. 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. Since the issuance on January 22, 2009, the fair value of interest rate swap liability increased by \$1.3 million, which is recorded as a decrease of other comprehensive income net of income taxes of \$0.4 million.

On October 1, 2008, 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 CA\$1.0625 per US dollar. Since the issuance on October 1, 2008, amounts due under the US\$190 million Senior Secured Notes Series A increased by \$39.9 million due to the US dollar's appreciation over the Canadian dollar. The fair value of cross-

currency swaps increased by a net amount of \$35.5 million, of which \$39.9 million offsets the foreign exchange loss on the debt denominated in US dollars. The difference of \$4.3 million was recorded as a decrease of other comprehensive income, net of income taxes of \$1.2 million.

The Corporation's net investment in the self-sustaining foreign subsidiary, 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 \$11.4 million in the first six months of fiscal 2009 which is presented in other comprehensive income. The exchange rate used to convert the Euro into Canadian dollars for the balance sheet accounts at February 28, 2009 was \$1.6129 per Euro compared to \$1.5580 per Euro at August 31, 2008. The average exchange rates prevailing during the second quarter and first six months used to convert the operating results of the European operations were \$1.6265 per Euro and \$1.5864 per Euro, respectively, compared to \$1.4741 and \$1.4430 per Euro for the same periods 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 six months ended February 28, 2009:

Six months ended February 28, 2009 (\$000)	As reported	Exchange rate impact
	\$ (unaudited)	\$ (unaudited)
Revenue	123,304	12,330
Operating income before amortization	38,678	3,868
Net loss	(385,773)	(38,577)

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 14 of the consolidated financial statements for further details.

CANADIAN OPERATIONS

CUSTOMER STATISTICS

	February 28, 2009	Net additions				% of Penetration ⁽¹⁾	
		Quarters ended		Six months ended		February 28, 2009	February 29, 2008
		February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008		
RGU	2,104,948	47,577	51,007	113,040	123,833	-	-
Basic Cable service customers	867,882	1,955	1,869	10,788	9,933	-	-
HSI service customers ⁽²⁾	503,494	10,518	15,058	30,027	40,352	60.7	56.4
Digital Television service customers	478,659	18,693	17,879	36,913	34,132	56.0	49.1
Telephony service customers ⁽³⁾	254,913	16,411	16,201	35,312	39,416	33.1	27.5

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

⁽²⁾ Customers subscribing to the HSI service without the Basic Cable service totalled 78,203 as at February 28, 2009 compared to 73,336 as at February 29, 2008.

⁽³⁾ Customers subscribing to the Telephony service without the Basic Cable service totalled 22,488 as at February 28, 2009 compared to 13,327 as at February 29, 2008.

Fiscal 2009 second quarter and first six-month RGU net additions were lower than for the same periods last year and reflect an early sign of maturation in some services. The number of net additions for Basic Cable stood at 1,955 customers for the quarter and 10,788 customers for the first six months, compared to 1,869 and 9,933 customers, respectively, for the same periods of the prior year. This increase is primarily due to continuous improvements to the service offering, targeted marketing activities and an upswing in subscription activity in border markets due to the impending over-the-air digital conversion in the United States. In the quarter, Telephony customers grew by 16,411 compared to a growth of 16,201 for the same period last year. For the first six months, Telephony customers grew by 35,312 compared to a growth of 39,416 for the first six months of the prior year. The lower growth for the six month period

is mostly attributable to the increased penetration in areas where the service is already offered and to fewer new areas where the service was launched. Telephony service coverage, as a percentage of homes passed, has now reached 89% compared to 80% at February 29, 2008. The number of net additions to HSI service stood at 10,518 customers for the quarter and 30,027 customers for the first half of fiscal 2009, compared to 15,058 and 40,352 customers for the same periods last year. The growth in HSI customer net additions continues 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. The Digital Television service net additions stood at 18,693 customers compared to 17,879 customers for the second quarter, and at 36,913 customers compared to 34,132 customers for the first six months of the prior year, due to targeted marketing initiatives in the second half of fiscal 2008 and in 2009 to improved penetration and to the continuing strong interest for the HD Television service.

OPERATING RESULTS

(\$000, except percentages)	Quarters ended			Six months ended		
	February 28, 2009	February 29, 2008 ⁽¹⁾	Change %	February 28, 2009	February 29, 2008 ⁽¹⁾	Change %
	\$	\$		\$	\$	
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Revenue	243,680	205,168	18.8	481,054	401,409	19.8
Operating costs	133,002	114,751	15.9	265,529	226,054	17.5
Management fees – COGECO Inc.	3,038	3,679	(17.4)	9,019	8,714	3.5
Operating income before amortization	107,640	86,738	24.1	206,506	166,641	23.9
Operating margin	44.2%	42.3%		42.9%	41.5%	

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

Revenue

Second-quarter revenue rose by \$38.5 million, or 18.8%, to reach \$243.7 million, and first six month revenue increased by \$79.6 million, or 19.8%, to reach \$481.1 million mainly due to RGU growth mentioned in the "Customer Statistics" section, combined with the impact of the recent acquisitions as well as the various rate increases implemented by the Corporation during fiscal 2008. These rate increases represent an average of approximately \$1.60 per Basic Cable service customer.

Operating costs

2009 second-quarter and first six-month operating costs, excluding management fees payable to COGECO Inc., increased by \$18.3 million, or 15.9%, to reach \$133 million, and by \$39.5 million, or 17.5%, to reach \$265.5 million, respectively. The increase in operating costs is mainly attributable to servicing additional RGU and to the impact of the recent acquisitions.

Operating income before amortization

Operating income before amortization rose by \$20.9 million, or 24.1%, to reach \$107.6 million in the second quarter, and by \$39.9 million, or 23.9%, to reach \$206.5 million in the first six months of fiscal 2009. The operating income before amortization has risen due to the increased revenue outpacing the operating costs growth including the impact of the recent acquisitions. Cogeco Cable's Canadian operations' second-quarter operating margin increased to 44.2% compared to 42.3% for the same period in the prior year, and to 42.9% from 41.5% for the first six months.

EUROPEAN OPERATIONS

CUSTOMER STATISTICS

	February 28, 2009	Net additions (losses)				% of Penetration ⁽¹⁾	
		Quarters ended		Six months ended		February 28, 2009	February 29, 2008
		February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008		
RGU	690,266	(21,951)	5,189	(34,700)	15,387	-	-
Basic Cable service customers	276,192	(11,908)	2,724	(19,943)	7,657	-	-
HSI service customers ⁽²⁾	146,604	(7,488)	2,096	(12,697)	5,902	53.1	55.0
Digital Television service customers ⁽³⁾	36,258	6,409	-	11,806	-	13.1	-
Telephony service customers ⁽⁴⁾	231,212	(8,964)	369	(13,866)	1,828	83.7	81.2

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

⁽²⁾ Customers subscribing to the HSI service without the Basic Cable service totalled 7,284 as at February 28, 2009 compared to 8,409 as at February 29, 2008.

⁽³⁾ The Digital Television service was launched in the third quarter of fiscal 2008.

⁽⁴⁾ Customers subscribing to the Telephony service without the Basic Cable service totalled 8,621 as at February 28, 2009 compared to 8,727 as at February 29, 2008.

Fiscal 2009 second quarter and first six months were marked by a continuing unfavourable economic environment in the Iberian Peninsula, recurring intense customer promotions and advertising initiatives from competitors for their new respective third leg of the triple-play service during the latter part of the second quarter in the Portuguese market. These factors were the main contributors to net customer losses in the Basic Cable, HSI and Telephony services compared to the same periods of the prior year. The Digital Television service was launched in the third quarter of 2008, with net additions in fiscal 2009 of 6,409 customers in the second quarter and 11,806 customers in the first six months. Fiscal 2009 second quarter and first six month period Basic Cable service customers decreased by 11,908 and 19,943 customers, respectively, compared to a growth of 2,724 and 7,657 customers in 2008. HSI service customers decreased by 7,488 and 12,697 customers compared to increases of 2,096 and 5,902 for the corresponding periods in fiscal 2008. Telephony service decreased by 8,964 and 13,866 customers compared to a growth of 369 and 1,828 customers for the same periods of the preceding year.

In addition to the launch of new channels and retention strategies during the quarter, new marketing and other operating initiatives are in the process of being implemented, the result of which should help in reducing customer attrition in the upcoming quarters.

OPERATING RESULTS

(\$000, except percentages)	Quarters ended			Six months ended		
	February 28, 2009	February 29, 2008 ⁽¹⁾	Change %	February 28, 2009	February 29, 2008 ⁽¹⁾	Change %
	\$	\$		\$	\$	
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Revenue	61,240	59,934	2.2	123,304	115,526	6.7
Operating costs	43,419	38,014	14.2	84,626	76,207	11.0
Operating income before amortization	17,821	21,920	(18.7)	38,678	39,319	(1.6)
Operating margin	29.1%	36.6%		31.4%	34.0%	

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

Revenue

Fiscal 2009 second-quarter and first six months revenue increased by \$1.3 million to reach \$61.2 million and by \$7.8 million to reach \$123.3 million, increases of 2.2% and 6.7%, respectively, when compared to fiscal 2008. The growth is due to the favourable impact of the appreciation of the Euro over the Canadian dollar and to monthly rate increases implemented by Cabovisão averaging \$2.00 (€1.30) per Basic Cable customer in January 2008, net of decreases in overall RGU in the second quarter and first six months of fiscal 2009. Revenue from the European operations in the local

currency for the second quarter amounted to €37.6 million, a decrease of €3 million, or 7.4%, and to €77.8 million, a decrease of €2.3 million, or 2.8% for the first six months.

Operating costs

For the second quarter, operating costs increased by \$5.4 million to reach \$43.4 million, an increase of 14.2% compared to the prior year. In the first half of fiscal 2009, operating costs increased by \$8.4 million to reach \$84.6 million, an increase of 11%. The increases in operating costs are mainly attributable to the unfavourable impact of the appreciation of the Euro over the Canadian dollar. Operating costs from the European operations in the local currency for the second quarter and first six months of fiscal 2009 amounted to €26.7 million and €53.3 million, respectively, increases of €0.9 million, or 3.5%, and €0.5 million, or 0.9% compared to the prior year. The operating costs increased in local currency mainly due to an increase in the amount of bad debts recorded in the quarter and first six months of the year. However, Cabovisão has put together initiatives at the end of the second quarter of 2009 to better manage its collection process which should have a favourable impact on the level of bad debts in the coming months.

Operating income before amortization

For the second quarter operating income before amortization decreased to \$17.8 million from \$21.9 million, and to \$38.7 million from \$39.3 million in the first six months of fiscal 2009, representing decreases of 18.7% and 1.6%, respectively, mainly due to increases in operating costs outpacing the revenue growth. European operations' operating margin decreased for the second quarter to 29.1% from 36.6%, and for the first six months to 31.4% from 34% in the prior year. Operating income before amortization in the local currency amounted to €10.9 million for the second quarter, a decrease of €3.9 million, or 26.4%, and to €24.4 million, a decrease of €2.7 million, or 10.1% for the first half of the year.

FISCAL 2009 FINANCIAL GUIDELINES

As a result of the continuing unfavourable economic climate and the renewal of marketing initiatives from competitors in the Portuguese market, Cogeco Cable recorded a non-cash impairment loss amounting to \$399.6 million on its net investment in its Portuguese subsidiary, Cabovisão, in the second quarter of fiscal 2009. Net of the related income taxes, the impairment loss had an unfavourable impact of \$383.6 million on net income in the second quarter of 2009. For further details, please see the "Impairment of goodwill and intangible assets" section. Furthermore, the European operations financial results have been revised downwards to take into consideration the current situation in the Portuguese market described above and the exchange rate used for the fiscal 2009 revised projections for the European operations has been increased to \$1.60 per Euro compared to \$1.50 per Euro for the original guidelines.

Finally, Canadian operations continue to show solid results and management expects to meet its initial projections for this segment for the 2009 fiscal year.

Consolidated

	Revised projections April 8, 2009 Fiscal 2009 \$	Projections Fiscal 2009 \$
<i>(in millions of dollars, except net customer additions and operating margin)</i>		
Financial guidelines		
Revenue	1,205	1,210
Operating income before amortization	500	508
Operating margin	42%	42%
Financial expense	70	70
Amortization	270	275
Current income taxes	50	50
Net income (loss)	(275)	107
Capital expenditures and deferred charges	300	300
Free cash flow	80	90
Net customer additions guidelines		
RGU	100,000	100,000

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, 2008, except as described below. A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2008 annual MD&A.

Cogeco Cable's footprint includes certain regions in Ontario (Burlington and Windsor) and in Portugal (Palmela) where the automobile industry is a significant driver of economic activity. The sharp downturn experienced by the automobile industry in recent months may have an adverse impact on the level of economic activity and consumer expenditures on goods and services within those communities. In previous recessionary periods, demand for cable telecommunications services has generally proved to be resilient. However, there is no assurance that demand will remain resilient in a prolonged global recession.

Despite Cogeco Cable's strong balance sheet and the proactive management of debt maturities, the present situation in financial markets and the credit crisis may result in reduced availability of capital in both the debt and equity markets in the coming years. As Cogeco Cable's current credit facilities and other sources of financing reach their respective maturities, the terms of bank and other debt facilities may be less favourable upon renewal.

Market conditions may also have an impact on the Corporation's defined benefit pension plans as there is no assurance that the actual rate of return on plan assets will approximate the assumed rate of return used in the most recent actuarial valuation. Market driven changes may impact the assumptions used in future actuarial valuations and could result in the Corporation being required to make contributions in the future that differ significantly from the current contributions to the Corporation's defined benefit pension plans.

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 the collection or repayment of these instruments which could result in a significant impact on the Corporation's financial expense. At February 28, 2009, 76% of Cogeco Cable's debt is at fixed interest rates.

The current volatility of currency exchange and interest rate in the financial markets is unusually high and could lead to an increase in the level of risk on hedging instruments to which Cogeco Cable is a party should one or more of the counterparts to these instruments become financially distressed and unable to meet their obligations.

It is anticipated that digital terrestrial television services will be launched in Portugal in the second half of the current year. This development may result in some attrition of Basic Cable television service customers, and consequently have an adverse impact on RGU.

ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies, estimates and future accounting pronouncements since August 31, 2008, except as described below. A description of the Corporation's policies and estimates can be found in the 2008 annual MD&A.

Capital disclosures and financial instruments

Effective September 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*.

Capital disclosures

Section 1535 of the CICA Handbook requires that an entity disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences for non-compliance. These new disclosures are included in note 14 of the Corporation's interim consolidated financial statements.

Financial instruments

Section 3862 on financial instrument disclosures requires the disclosure of information about the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equities, the classification of related interest, dividends, gains and losses, and circumstances in which financial assets and financial liabilities are offset.

The adoption of these standards did not have any impact on the classification and measurements of the Corporation's financial instruments. The new disclosures pursuant to these new Sections are included in note 14 of the Corporation's interim consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes guidance requiring an entity to consider its own credit risk as well as the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applicable to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009 and is applicable to the Corporation for its second quarter of fiscal 2009 with retrospective application, without restatement of prior periods, to the beginning of its current fiscal year. The adoption of this new abstract during the second quarter decreased derivative financial instruments assets by \$3.5 million, decreased future income tax liabilities by \$1 million and decreased accumulated other comprehensive income by \$2.6 million at December 1, 2008 and had no significant impact on the consolidated balance sheet at September 1, 2008.

General standards of financial statement presentation

The CICA amended Section 1400 of the CICA Handbook, *General Standards of Financial Statement Presentation*, to include a requirement for management to make an assessment of the entity's ability to continue as a going concern when preparing financial statements. These changes, including the related disclosure requirements, were adopted by the Corporation on September 1, 2008 and had no impact on the interim consolidated financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

Business combinations, consolidated financial statements and non-controlling interests

During January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, which replaces Section 1581 of the same name, and Sections 1601, *Consolidated Financial Statements* and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. These new Sections harmonize significant aspects of Canadian accounting standards with the International Financial Reporting Standards ("IFRS") that will be mandated for entities with fiscal year beginning on or after January 1, 2011.

Section 1582 requires that all business acquisitions be measured at the fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date, and expands the definition of a business subject to an acquisition. The Section also establishes new guidance on the measurement of consideration given and the recognition and measurement of assets acquired and liabilities assumed in a business combination. Furthermore, under this new guidance, acquisition costs, which were previously included as a component of the consideration given, and any negative goodwill resulting from the allocation of the purchase price, which was allocated as a reduction of non-current assets acquired under the previous standard, will be recorded in earnings in the current period. This new Section will be applied prospectively and will only impact the Corporation's consolidated financial statements for future acquisitions concluded in periods subsequent to the date of adoption.

Sections 1601 and 1602 dealing with consolidated financial statements require an entity to measure non-controlling interest upon acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders' equity.

The new standards will apply as of the beginning of the first annual reporting period beginning on or after January 1, 2011, with simultaneous early adoption permitted. Early adoption may reduce the amount of restatement required upon conversion to IFRS. The Corporation is currently assessing the impact of these new Sections on its consolidated financial statements.

Harmonization of Canadian and International accounting standards

In March 2006, the Accounting Standards Board of the CICA released its new strategic plan, which proposed to abandon Canadian GAAP and effect a complete convergence to the IFRS for publicly accountable entities.

In April 2008, the CICA published an exposure draft as guidance which requires the transition to IFRS to replace Canadian GAAP as currently employed by Canadian publicly accountable enterprises. The changeover will occur no later than fiscal years beginning on or after January 1, 2011. Accordingly, the Corporation expects that its first interim consolidated financial statements presented in accordance with IFRS will be for the three-month period ending November 30, 2011, and its first annual consolidated financial statements presented in accordance with IFRS will be for the year ending August 31, 2012.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements. The Corporation has established a project team including representatives from various areas of the organization to plan and complete the transition to IFRS. This team reports periodically to the Audit Committee, who oversees the IFRS implementation project on behalf of the Board of Directors. The Corporation will be assisted by external advisors as required.

The implementation project consists of three primary phases, which may occur concurrently as IFRS are applied to specific areas of operations:

- Scoping and diagnostic phase — This phase involves performing a high-level impact assessment to identify key areas that are expected to be impacted by the transition to IFRS. The result of these procedures is the ranking of IFRS impacts in order of priority to assess the timing and complexity of transition efforts that will be required in subsequent phases.
- Impact analysis, evaluation and design phase — In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority, with project teams established as deemed necessary. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy choices permitted under IFRS and the development of draft IFRS financial statement content.
- Implementation and review phase — This phase includes execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the organization, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements, embedding IFRS in business processes, eliminating any unnecessary data collection processes and finally the approval by the Audit Committee of the IFRS financial statements. Implementation also involves additional staff training with the deployment of revised systems.

The Corporation completed the scoping and diagnostic phase in February 2009, and is now conducting the impact analysis, evaluation and design phase. As implications of the conversion are identified, impact on information technology, data systems and business activities will be assessed. The Corporation's analysis of the IFRS and the comparison with currently applied accounting principles has identified a number of differences that may require information system changes or which are likely to have a material impact on the financial statements of the Corporation.

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Corporation's consolidated financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Corporation believes to be the most significant; however, analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Corporation's consolidated financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Corporation is not able to reliably quantify the expected impacts of these differences on its consolidated financial statements. They are as follows:

- Presentation of Financial Statements (IAS 1)
- Income Taxes (IAS 12)
- Property, Plant and Equipment (IAS 16)
- Revenue (IAS 18)
- Impairment of Assets (IAS 36)
- Business Combinations (IFRS 3)

Furthermore, IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, provides entities adopting IFRS

for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS which may differ from the requirements of the sections listed above. The Corporation is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the Corporation's circumstances. The Corporation has not yet determined the aggregate financial impact of adopting IFRS 1 on its consolidated financial statements.

The conversion project is progressing according to the established plan.

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", "net income excluding the impairment loss and the income tax adjustment" and "earnings per share excluding the impairment loss and the income tax adjustment".

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		Six months ended	
	February 28,	February 29,	February 28,	February 29,
	2009	2008	2009	2008
<i>(\$000)</i>	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flow from operating activities	118,440	90,991	146,914	136,336
Changes in non-cash operating items	(19,354)	(5,718)	43,782	28,690
Cash flow from operations	99,086	85,273	190,696	165,026

Free cash flow is calculated as follows:

	Quarters ended		Six months ended	
	February 28,	February 29,	February 28,	February 29,
	2009	2008	2009	2008
<i>(\$000)</i>	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flow from operations	99,086	85,273	190,696	165,026
Acquisition of fixed assets	(62,123)	(58,501)	(127,790)	(109,155)
Increase in deferred charges	(5,779)	(6,094)	(12,986)	(13,511)
Assets acquired under capital leases – as per note 12 b)	(219)	(1,373)	(1,158)	(1,446)
Free cash flow	30,965	19,305	48,762	40,914

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:

	Quarters ended		Six months ended	
	February 28, 2009	February 29, 2008 ⁽¹⁾	February 28, 2009	February 29, 2008 ⁽¹⁾
<i>(\$000, except percentages)</i>	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating income	58,817	52,669	114,618	97,284
Amortization	66,644	55,989	130,566	108,676
Operating income before amortization	125,461	108,658	245,184	205,960
Revenue	304,920	265,102	604,358	516,935
Operating Margin	41.1%	41.0%	40.6%	39.8%

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

Net income excluding the impairment loss and the income tax adjustment and earnings per share excluding the impairment loss and the income tax adjustment

Net income excluding the impairment loss and the income tax adjustment and earnings per share excluding the impairment loss and the income tax adjustment are used by Cogeco Cable's management and investors to evaluate what would have been the net income and earnings per share excluding these 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. Net income excluding the impairment loss and the income tax adjustment and earnings per share excluding the impairment loss and the income tax adjustment per share are calculated as follows:

	Quarters ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
<i>(\$000)</i>	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net income (loss)	(358,569)	49,911	(335,018)	70,274
Adjustments:				
Impairment loss net of related income taxes	383,630	-	383,630	-
Income tax adjustment	-	(24,002)	-	(24,002)
Net income excluding the impairment loss and the income tax adjustment	25,061	25,909	48,612	46,272
Weighted average number of multiple voting and subordinate voting shares outstanding	48,540,013	48,499,406	48,531,846	48,439,880
Effect of dilutive stock options	158,317	300,010	185,596	318,789
Weighted average number of diluted multiple voting and subordinate voting shares outstanding	48,698,330	48,799,416	48,717,442	48,758,669
Earnings per share excluding the impairment loss and the income tax adjustment				
Basic	0.52	0.53	1.00	0.96
Diluted	0.51	0.53	1.00	0.95

ADDITIONAL INFORMATION

This MD&A was prepared on April 8, 2009. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com.

/s/ Jan Peeters
Jan Peeters
Chairman of the Board

/s/ Louis Audet
Louis Audet
President and Chief Executive Officer

Cogeco Cable Inc.
Montréal, Québec
April 9, 2009

Supplementary Quarterly Financial Information
(unaudited)

Quarters ended	February 28/29,		November 30,		August 31,		May 31,	
	2009	2008 ⁽¹⁾	2008	2007 ⁽¹⁾	2008 ⁽¹⁾	2007 ⁽¹⁾⁽³⁾	2008 ⁽¹⁾	2007 ⁽¹⁾
<i>(\$000, except percentages and per share data)</i>	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	304,920	265,102	299,438	251,833	284,908	244,314	274,944	240,612
Operating income before amortization ⁽²⁾	125,461	108,658	119,723	97,302	122,000	102,586	117,492	96,616
<i>Operating margin⁽²⁾</i>	<i>41.1%</i>	<i>41.0%</i>	<i>40.0%</i>	<i>38.6%</i>	<i>42.8%</i>	<i>42.0%</i>	<i>42.7%</i>	<i>40.2%</i>
Amortization	66,644	55,989	63,922	52,687	61,414	54,164	58,209	47,278
Operating income	58,817	52,669	55,801	44,615	60,586	48,422	59,283	49,338
Financial expense	17,988	17,136	23,394	15,877	18,752	18,684	17,374	20,015
Impairment of goodwill and intangible assets	399,648	-	-	-	-	-	-	-
Income taxes	(250)	(14,378)	8,856	8,375	9,968	(6,630)	10,767	8,942
Net income (loss)	(358,569)	49,911	23,551	20,363	31,866	36,368	31,142	20,381
Net income excluding the impairment loss and the income tax adjustment ⁽²⁾	25,061	25,909	23,551	20,363	31,866	21,647	31,142	20,381
Cash flow from operations ⁽²⁾	99,086	85,273	91,610	79,753	99,547	83,825	95,829	76,416
Cash flow from operating activities	118,440	90,991	28,474	45,345	143,748	112,615	112,799	53,387
Free cash flow ⁽²⁾	30,965	19,305	17,797	21,609	21,075	14,861	36,901	18,599
Earnings (loss) per share								
Basic	(7.39)	1.03	0.49	0.42	0.66	0.79	0.64	0.45
Diluted	(7.39)	1.02	0.48	0.42	0.65	0.78	0.64	0.45
Earnings per share excluding the impairment loss and the income tax adjustment ⁽²⁾								
Basic	0.52	0.53	0.49	0.42	0.66	0.47	0.64	0.45
Diluted	0.51	0.53	0.48	0.42	0.65	0.47	0.64	0.45

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.

⁽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⁾ Net income for the quarter ended August 31, 2007 has been adjusted to remove income tax adjustments of \$14.7 million related to the recognition of benefits stemming from prior years' income tax losses and minimum income tax paid, and a reduction of Canadian federal enacted income tax rates in addition to the adjustments described in the "Non-GAAP financial measures" section of the Management's discussion and analysis.

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations. However, the loss of Basic Service customers is usually greater, and the addition of HSI service customers is generally lower, in the third quarter, mainly due to students leaving 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 quarters' operating margin is usually higher as lower or no management fees are paid to COGECO Inc. Under a Management Agreement, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. For more details, please refer to the "Related Party Transactions" section.

COGECO CABLE INC.

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Customer Statistics

	February 28, 2009	August 31, 2008
Homes Passed		
Ontario	1 039 955	1 029 121
Québec	509 701	502 490
Canada	1 549 656	1 531 611
Portugal	902 570	895 923
Total	2 452 226	2 427 534
Revenue Generating Units		
Ontario	1 458 928	1 387 054
Québec	646 020	604 854
Canada	2 104 948	1 991 908
Portugal	690 266	724 966
Total	2 795 214	2 716 874
Basic Cable Service Customers		
Ontario	602 552	596 229
Québec	265 330	260 865
Canada	867 882	857 094
Portugal	276 192	296 135
Total	1 144 074	1 153 229
Discretionary Service Customers		
Ontario	496 416	493 858
Québec	223 190	215 820
Canada	719 606	709 678
Portugal	-	-
Total	719 606	709 678
Pay TV Service Customers		
Ontario	108 279	97 753
Québec	51 639	47 075
Canada	159 918	144 828
Portugal	70 710	57 715
Total	230 628	202 543
High Speed Internet Service Customers		
Ontario	371 572	352 553
Québec	131 922	120 914
Canada	503 494	473 467
Portugal	146 604	159 301
Total	650 098	632 768
Digital Television Service Customers		
Ontario	313 886	288 345
Québec	164 773	153 401
Canada	478 659	441 746
Portugal	36 258	24 452
Total	514 917	466 198
Telephony Service Customers		
Ontario	170 918	149 927
Québec	83 995	69 674
Canada	254 913	219 601
Portugal	231 212	245 078
Total	486 125	464 679

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(unaudited)

<i>(In thousands of dollars, except per share data)</i>	February 28, 2009	Three months ended February 29, 2008	February 28, 2009	Six months ended February 29, 2008
	\$	\$	\$	\$
Revenue				
Service	302,409	262,678	599,802	513,084
Equipment	2,511	2,424	4,556	3,851
	304,920	265,102	604,358	516,935
Operating costs	176,421	152,765	350,155	302,261
Management fees – COGECO Inc.	3,038	3,679	9,019	8,714
Operating income before amortization	125,461	108,658	245,184	205,960
Amortization (note 3)	66,644	55,989	130,566	108,676
Operating income	58,817	52,669	114,618	97,284
Financial expense (note 4)	17,988	17,136	41,382	33,013
Impairment of goodwill and intangible assets (note 5)	399,648	—	399,648	—
Income (loss) before income taxes	(358,819)	35,533	(326,412)	64,271
Income taxes (note 6)	(250)	(14,378)	8,606	(6,003)
Net income (loss)	(358,569)	49,911	(335,018)	70,274
Earnings (loss) per share (note 7)				
Basic	(7.39)	1.03	(6.90)	1.45
Diluted	(7.39)	1.02	(6.90)	1.44

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

<i>(In thousands of dollars)</i>	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$	\$	\$	\$
Net income (loss)	(358,569)	49,911	(335,018)	70,274
Other comprehensive income				
Unrealized gains (losses) on derivative financial instruments designated as cash flow hedges, net of income tax expense of \$1,401,000 and \$3,836,000 (income tax recovery of \$44,000 and \$1,187,000 in 2008)	7,249	(1,498)	30,449	(8,151)
Reclassification to net income of realized losses (gains) on derivative financial instruments designated as cash flow hedges, net of income tax expense of \$902,000 and \$5,225,000 (income tax recovery of \$319,000 and \$1,664,000 in 2008)	(5,805)	2,021	(34,196)	9,106
Unrealized gain on translation of a net investment in self-sustaining foreign subsidiaries	18,229	14,050	24,309	24,390
Unrealized losses on translation of long-term debts designated as hedges of a net investment in self-sustaining foreign subsidiaries	(9,557)	(8,887)	(12,916)	(15,263)
	10,116	5,686	7,646	10,082
Comprehensive income (loss)	(348,453)	55,597	(327,372)	80,356

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(unaudited)

<i>(In thousands of dollars)</i>	February 28, 2009	Six months ended February 29, 2008
	\$	\$
Balance at beginning, as previously reported	297,150	181,952
Changes in accounting policies	—	1,307
Balance at beginning, as restated	297,150	183,259
Net income (loss)	(335,018)	70,274
Dividends on multiple voting shares	(3,766)	(3,138)
Dividends on subordinate voting shares	(7,883)	(6,553)
Balance at end	(49,517)	243,842

COGECO CABLE INC.
CONSOLIDATED BALANCE SHEETS

(unaudited)

<i>(In thousands of dollars)</i>	February 28, 2009	August 31, 2008
	\$	\$
Assets		
Current		
Cash and cash equivalents	48,695	36,371
Accounts receivable	59,430	59,582
Income taxes receivable	9,262	2,267
Prepaid expenses	12,900	12,892
Future income tax assets	4,254	8,661
	134,541	119,773
Fixed assets	1,286,150	1,257,965
Deferred charges	58,120	57,751
Intangible assets (note 8)	1,024,822	1,091,042
Goodwill (note 8)	161,669	487,805
Derivative financial instruments	34,285	—
Future income tax assets	3,577	4,819
	2,703,164	3,019,155
Liabilities and Shareholders' equity		
Liabilities		
Current		
Bank indebtedness	34,562	10,302
Accounts payable and accrued liabilities	222,599	247,638
Income tax liabilities	10,360	20,212
Deferred and prepaid income	32,496	32,859
Derivative financial instruments	—	79,791
Current portion of long-term debt (note 9)	178,403	336,807
	478,420	727,609
Long-term debt (note 9)	1,001,623	718,234
Deferred and prepaid income and other liabilities	12,636	11,859
Pension plan liabilities and accrued employees benefits	3,823	3,139
Future income tax liabilities	239,365	253,235
	1,735,867	1,714,076
Shareholders' equity		
Capital stock (note 10)	990,061	988,889
Contributed surplus	3,753	3,686
Retained earnings (deficit)	(49,517)	297,150
Accumulated other comprehensive income (note 11)	23,000	15,354
	967,297	1,305,079
	2,703,164	3,019,155

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands of dollars)	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$	\$	\$	\$
Cash flow from operating activities				
Net income (loss)	(358,569)	49,911	(335,018)	70,274
Adjustments for:				
Amortization (note 3)	66,644	55,989	130,566	108,676
Amortization of deferred transaction costs	643	731	1,291	1,453
Impairment of goodwill and intangible assets (note 5)	399,648	—	399,648	—
Future income taxes (note 6)	(9,879)	(22,448)	(6,968)	(17,262)
Stock-based compensation	377	986	433	1,222
Loss (gain) on disposal of fixed assets	(5)	(103)	218	239
Other	227	207	526	424
	99,086	85,273	190,696	165,026
Changes in non-cash operating items (note 12 a)	19,354	5,718	(43,782)	(28,690)
	118,440	90,991	146,914	136,336
Cash flow from investing activities				
Acquisition of fixed assets (note 12 b))	(62,123)	(58,501)	(127,790)	(109,155)
Increase in deferred charges	(5,779)	(6,094)	(12,986)	(13,511)
Other	45	24	61	25
	(67,857)	(64,571)	(140,715)	(122,641)
Cash flow from financing activities				
Increase in bank indebtedness	2,629	17,697	24,260	17,697
Net repayments under the term facility	(31,300)	(32,473)	(23,003)	(64,466)
Issuance of long-term debt, net of transaction costs	—	—	254,771	—
Repayments of long-term debt and settlement of derivative financial instruments	(812)	(632)	(240,546)	(1,255)
Issue of subordinate voting shares	686	236	964	3,292
Dividends on multiple voting shares	(1,883)	(1,569)	(3,766)	(3,138)
Dividends on subordinate voting shares	(3,943)	(3,281)	(7,883)	(6,553)
	(34,623)	(20,022)	4,797	(54,423)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies				
	641	355	1,328	202
Net change in cash and cash equivalents	16,601	6,753	12,324	(40,526)
Cash and cash equivalents at beginning	32,094	16,929	36,371	64,208
Cash and cash equivalents at end	48,695	23,682	48,695	23,682

See supplemental cash flow information in note 12.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 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") at February 28, 2009 and August 31, 2008 as well as its results of operations and its cash flows for the three and six month periods ended February 28, 2009 and February 29, 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, 2008. 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.

Adoption of new accounting policies

Capital disclosures and financial instruments

Effective September 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*.

Capital disclosures

Section 1535 of the CICA Handbook requires that an entity disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences for non-compliance. These new disclosures are included in note 14.

Financial instruments

Section 3862 on financial instrument disclosures requires the disclosure of information about the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equities, the classification of related interest, dividends, gains and losses, and circumstances in which financial assets and financial liabilities are offset.

The adoption of these standards did not have any impact on the classification and measurements of the Corporation's financial instruments. The new disclosures pursuant to these new Sections are included in note 14.

General standards of financial statement presentation

The CICA amended Section 1400 of the CICA Handbook, *General Standards of Financial Statement Presentation*, to include a requirement for management to make an assessment of the entity's ability to continue as a going concern when preparing financial statements. These changes, including the related disclosure requirements, were adopted by the Corporation on September 1, 2008 and had no impact on the interim consolidated financial statements.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

1. Basis of Presentation (continued)

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes guidance requiring an entity to consider its own credit risk as well as the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applicable to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009 and is applicable to the Corporation for its second quarter of fiscal 2009 with retrospective application, without restatement of prior periods, to the beginning of its current fiscal year. The adoption of this new abstract during the second quarter decreased derivative financial instruments assets by \$3.5 million, decreased future income tax liabilities by \$1 million and decreased accumulated other comprehensive income by \$2.6 million at December 1, 2008 and had no significant impact on the consolidated balance sheet at September 1, 2008.

Future accounting pronouncements

Business combinations, consolidated financial statements and non-controlling interests

During January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, which replaces Section 1581 of the same name, and Sections 1601, *Consolidated Financial Statements* and 1602, *Non-Controlling Interests*, which together replace Section 1600, *Consolidated Financial Statements*. These new Sections harmonize significant aspects of Canadian accounting standards with the International Financial Reporting Standards ("IFRS") that will be mandated for entities with fiscal year beginning on or after January 1, 2011.

Section 1582 requires that all business acquisitions be measured at the fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date, and expands the definition of a business subject to an acquisition. The Section also establishes new guidance on the measurement of consideration given and the recognition and measurement of assets acquired and liabilities assumed in a business combination. Furthermore, under this new guidance, acquisition costs, which were previously included as a component of the consideration given, and any negative goodwill resulting from the allocation of the purchase price, which was allocated as a reduction of non-current assets acquired under the previous standard, will be recorded in earnings in the current period. This new Section will be applied prospectively and will only impact the Corporation's consolidated financial statements for future acquisitions concluded in periods subsequent to the date of adoption.

Sections 1601 and 1602 dealing with consolidated financial statements require an entity to measure non-controlling interest upon acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders' equity.

The new standards will apply as of the beginning of the first annual reporting period beginning on or after January 1, 2011, with simultaneous early adoption permitted. Early adoption may reduce the amount of restatement required upon conversion to IFRS. The Corporation is currently assessing the impact of these new Sections on its consolidated financial statements.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

1. Basis of Presentation (continued)

Harmonization of Canadian and International accounting standards

In March 2006, the Accounting Standards Board of the CICA released its new strategic plan, which proposed to abandon Canadian GAAP and effect a complete convergence to the IFRS for publicly accountable entities.

In April 2008, the CICA published an exposure draft as guidance which requires the transition to IFRS to replace Canadian GAAP as currently employed by Canadian publicly accountable enterprises. The changeover will occur no later than fiscal years beginning on or after January 1, 2011. Accordingly, the Corporation expects that its first interim consolidated financial statements presented in accordance with IFRS will be for the three-month period ending November 30, 2011, and its first annual consolidated financial statements presented in accordance with IFRS will be for the year ending August 31, 2012.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements. The Corporation has established a project team including representatives from various areas of the organization to plan and complete the transition to IFRS. This team reports periodically to the Audit Committee, who oversees the IFRS implementation project on behalf of the Board of Directors. The Corporation will be assisted by external advisors as required.

The implementation project consists of three primary phases, which may occur concurrently as IFRS are applied to specific areas of operations:

- Scoping and diagnostic phase — This phase involves performing a high-level impact assessment to identify key areas that are expected to be impacted by the transition to IFRS. The result of these procedures is the ranking of IFRS impacts in order of priority to assess the timing and complexity of transition efforts that will be required in subsequent phases.
- Impact analysis, evaluation and design phase — In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority, with project teams established as deemed necessary. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy choices permitted under IFRS and the development of draft IFRS financial statement content.
- Implementation and review phase — This phase includes execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the organization, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements, embedding IFRS in business processes, eliminating any unnecessary data collection processes and finally the approval by the Audit Committee of the IFRS consolidated financial statements. Implementation also involves additional staff training with the deployment of revised systems.

The Corporation completed the scoping and diagnostic phase in February 2009, and is now conducting the impact analysis, evaluation and design phase. As implications of the conversion are identified, impact on information technology, data systems and business activities will be assessed. The Corporation's analysis of the IFRS and the comparison with currently applied accounting principles has identified a number of differences that may require information system changes or which are likely to have a material impact on the consolidated financial statements of the Corporation.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

1. Basis of Presentation (continued)

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Corporation's consolidated financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Corporation believes to be the most significant; however, analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Corporation's consolidated financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Corporation is not able to reliably quantify the expected impacts of these differences on its consolidated financial statements. They are as follows:

- Presentation of Financial Statements (IAS 1)
- Income Taxes (IAS 12)
- Property, Plant and Equipment (IAS 16)
- Revenue (IAS 18)
- Impairment of Assets (IAS 36)
- Business Combinations (IFRS 3)

Furthermore, IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS which may differ from the requirements of the sections listed above. The Corporation is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the Corporation's circumstances. The Corporation has not yet determined the aggregate financial impact of adopting IFRS 1 on its consolidated financial statements.

The conversion project is progressing according to the established plan.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***2. Segmented Information**

The Corporation's activities are comprised of Cable Television, High Speed Internet and Telephony services. The Corporation considers its Cable Television, High Speed Internet and Telephony 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 tables below:

Three months ended	Canada		Europe		Consolidated	
	February 28, 2009 \$	February 29, 2008 \$	February 28, 2009 \$	February 29, 2008 \$	February 28, 2009 \$	February 29, 2008 \$
Revenue	243,680	205,168	61,240	59,934	304,920	265,102
Operating costs	133,002	114,751	43,419	38,014	176,421	152,765
Management fees – COGECO Inc.	3,038	3,679	—	—	3,038	3,679
Operating income before amortization	107,640	86,738	17,821	21,920	125,461	108,658
Amortization	45,041	36,892	21,603	19,097	66,644	55,989
Operating income (loss)	62,599	49,846	(3,782)	2,823	58,817	52,669
Financial expense (revenue)	18,088	17,206	(100)	(70)	17,988	17,136
Impairment of goodwill and intangible assets	—	—	399,648	—	399,648	—
Income taxes	15,553	(13,130)	(15,803)	(1,248)	(250)	(14,378)
Net income (loss)	28,958	45,770	(387,527)	4,141	(358,569)	49,911
Total assets ⁽¹⁾	2,288,806	2,214,840	414,358	804,315	2,703,164	3,019,155
Fixed assets ⁽¹⁾	975,994	940,683	310,156	317,282	1,286,150	1,257,965
Intangible assets ⁽¹⁾	1,024,822	1,027,268	—	63,774	1,024,822	1,091,042
Goodwill ⁽¹⁾	116,890	116,890	44,779	370,915	161,669	487,805
Acquisition of fixed assets ⁽²⁾	54,447	47,177	7,895	12,697	62,342	59,874

⁽¹⁾ At February 28, 2009 and August 31, 2008.

⁽²⁾ Includes capital leases that are excluded from the statements of cash flows.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***2. Segmented Information (continued)**

Six months ended	Canada		Europe		Consolidated	
	February 28, 2009 \$	February 29, 2008 \$	February 28, 2009 \$	February 29, 2008 \$	February 28, 2009 \$	February 29, 2008 \$
Revenue	481,054	401,409	123,304	115,526	604,358	516,935
Operating costs	265,529	226,054	84,626	76,207	350,155	302,261
Management fees – COGECO Inc.	9,019	8,714	—	—	9,019	8,714
Operating income before amortization	206,506	166,641	38,678	39,319	245,184	205,960
Amortization	88,317	72,771	42,249	35,905	130,566	108,676
Operating income (loss)	118,189	93,870	(3,571)	3,414	114,618	97,284
Financial expense (revenue)	41,493	33,149	(111)	(136)	41,382	33,013
Impairment of goodwill and intangible assets	—	—	399,648	—	399,648	—
Income taxes	25,941	(3,816)	(17,335)	(2,187)	8,606	(6,003)
Net income (loss)	50,755	64,537	(385,773)	5,737	(335,018)	70,274
Total assets ⁽¹⁾	2,288,806	2,214,840	414,358	804,315	2,703,164	3,019,155
Fixed assets ⁽¹⁾	975,994	940,683	310,156	317,282	1,286,150	1,257,965
Intangible assets ⁽¹⁾	1,024,822	1,027,268	—	63,774	1,024,822	1,091,042
Goodwill ⁽¹⁾	116,890	116,890	44,779	370,915	161,669	487,805
Acquisition of fixed assets ⁽²⁾	110,198	85,470	18,750	25,131	128,948	110,601

⁽¹⁾ At February 28, 2009 and August 31, 2008.⁽²⁾ Includes capital leases that are excluded from the statements of cash flows.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***3. Amortization**

	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$	\$	\$	\$
Fixed assets	56,514	47,819	110,784	92,693
Deferred charges	6,066	5,622	11,849	10,992
Intangible assets	4,064	2,548	7,933	4,991
	66,644	55,989	130,566	108,676

4. Financial expense

	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$	\$	\$	\$
Interest on long-term debt	16,863	16,554	36,890	33,079
Foreign exchange losses (gains)	619	177	4,403	(858)
Amortization of deferred transaction costs	407	407	814	814
Other	99	(2)	(725)	(22)
	17,988	17,136	41,382	33,013

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***5. Impairment of goodwill and intangible assets**

	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$	\$	\$	\$
Impairment of goodwill	339,206	—	339,206	—
Impairment of intangible assets	60,442	—	60,442	—
	399,648	—	399,648	—

In the second quarter of fiscal 2009, the competitive position of Cabovisão in the Iberian Peninsula further deteriorated due to the continuing unfavourable economic climate and recurring intense customer promotions and advertising initiatives from competitors in the Portuguese market at the end of the second quarter. In accordance with current accounting standards, management considers that the continued RGU and local currency revenue decline are more significant and persistent than expected, resulting in a decrease in the value of the Corporation's investment in the Portuguese subsidiary. As a result, the Corporation tested goodwill and all long-lived assets for impairment at February 28, 2009.

Goodwill has to be tested for impairment using a two step approach. The first step consists of determining whether the fair value of the reporting unit exceeds the net carrying amount of that reporting unit, including goodwill. In the event that the net carrying amount exceeds the fair value, a second step is performed in order to determine the amount of the impairment loss. The Corporation has completed its impairment tests on goodwill and has concluded that goodwill was impaired at February 28, 2009. As a result, an impairment loss of \$339.2 million was recorded in the second quarter. Fair value of the reporting unit was determined using the discounted cash flow method. Future cash flows are based on internal forecasts and consequently, considerable management judgement is necessary to estimate future cash flows. Significant changes in assumptions could result in further impairments of goodwill.

Intangible assets with definite lives, such as customer relationships, must be tested for impairment by comparing the carrying amount of the asset or group of assets to the expected future undiscounted cash flow to be generated by the asset or group of assets. Accordingly, the Corporation has completed its impairment test on customer relationships at February 28, 2009, and has determined that the carrying value of customer relationships exceeds its fair value. As a result, an impairment loss of \$60.4 million was recorded in the second quarter.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***6. Income Taxes**

	February 28, 2009	Three months ended February 29, 2008	February 28, 2009	Six months ended February 29, 2008
	\$	\$	\$	\$
Current	9,629	8,070	15,574	11,259
Future	(9,879)	(22,448)	(6,968)	(17,262)
	(250)	(14,378)	8,606	(6,003)

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

	February 28, 2009	Three months ended February 29, 2008	February 28, 2009	Six months ended February 29, 2008
	\$	\$	\$	\$
Income (loss) before income taxes	(358,819)	35,533	(326,412)	64,271
Combined income tax rate	32.56 %	32.97 %	32.56 %	33.51 %
Income taxes at combined income tax rate	(116,831)	11,717	(106,279)	21,537
Adjustment for loss or income subject to lower or higher tax rates	(331)	(297)	(558)	(682)
Decrease in future income taxes as a result of decreases in substantively enacted tax rates	—	(24,002)	—	(24,002)
Decrease in income tax recovery arising from the non-deductible impairment of goodwill	89,890	—	89,890	—
Decrease in income tax recovery arising from non-deductible expenses	95	192	172	293
Effect of foreign income tax rate differences	25,632	(2,213)	24,028	(3,377)
Other	1,295	225	1,353	228
Income taxes at effective income tax rate	(250)	(14,378)	8,606	(6,003)

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

7. Earnings per Share

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

	February 28, 2009	Three months ended February 29, 2008	February 28, 2009	Six months ended February 29, 2008
	\$	\$	\$	\$
Net income (loss)	(358,569)	49,911	(335,018)	70,274
Weighted average number of multiple voting and subordinate voting shares outstanding	48,540,013	48,499,406	48,531,846	48,439,880
Effect of dilutive stock options ⁽¹⁾	—	300,010	—	318,789
Weighted average number of diluted multiple voting and subordinate voting shares outstanding	48,540,013	48,799,416	48,531,846	48,758,669
Earnings (loss) per share				
Basic	(7.39)	1.03	(6.90)	1.45
Diluted	(7.39)	1.02	(6.90)	1.44

⁽¹⁾ The weighted average dilutive potential number of subordinate voting share, which were antidilutive for the three and six month periods ended February 28, 2009 amounted to 158,317 and 185,596. For the three and six month periods ended February 28, 2009, 240,859 and 175,178 stock options (99,797 and 98,506 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.

8. Goodwill and Intangible Assets

	February 28, 2009	August 31, 2008
	\$	\$
Customer relationships	35,270	101,490
Customer base	989,552	989,552
	1,024,822	1,091,042
Goodwill	161,669	487,805
	1,186,491	1,578,847

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***8. Goodwill and Intangible Assets (continued)****a) Intangible assets**

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

	Customer relationships	Customer base	Total
	\$	\$	\$
Balance at August 31, 2008	101,490	989,552	1,091,042
Amortization	(7,933)	—	(7,933)
Foreign currency translation adjustment	2,155	—	2,155
Impairment (note 5)	(60,442)	—	(60,442)
Balance at February 28, 2009	35,270	989,552	1,024,822

b) Goodwill

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

	\$
Balance at August 31, 2008	487,805
Foreign currency translation adjustment	13,070
Impairment (note 5)	(339,206)
Balance at February 28, 2009	161,669

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***9. Long-Term Debt**

	Maturity	Interest rate	February 28, 2009	August 31, 2008
		%	\$	\$
Parent company				
Term Facility				
Term loan – €94,096,350	2011	2.31 ⁽¹⁾⁽⁴⁾	151,173	145,832
Term loan – €17,358,700	2011	2.31 ⁽¹⁾⁽⁴⁾	27,862	26,881
Revolving loan – €117,500,000 (€126,000,000 at August 31, 2008)	2011	2.44 ⁽¹⁾	189,516	196,308
Revolving loan	2011	1.86 ⁽¹⁾	84,839	94,375
Senior Secured Debentures Series 1	2009	6.75	149,931	149,814
Senior Secured Notes				
Series A – US\$150 million	2008	6.83 ⁽²⁾	—	159,233
Series B	2011	7.73	174,434	174,338
Senior Secured Notes ⁽³⁾				
Series A – US\$190 million	2015	7.00	240,180	—
Series B	2018	7.60	54,560	—
Senior Unsecured Debenture	2018	5.94	99,777	99,768
Subsidiaries				
Obligations under capital leases	2013	6.47 – 9.93	7,754	8,492
			1,180,026	1,055,041
Less current portion			178,403	336,807
			1,001,623	718,234

⁽¹⁾ Average interest rate on debt at February 28, 2009, including stamping fees.

⁽²⁾ Cross-currency swap agreements have resulted in an effective interest rate of 7.254% on the Canadian dollar equivalent of the US denominated debt.

⁽³⁾ On October 1, 2008, the Corporation issued US\$190 million Senior Secured Notes Series A maturing October 1, 2015, and \$55 million Senior Secured Notes Series B maturing October 1, 2018, net of transaction costs of \$2.1 million. 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.

⁽⁴⁾ On January 22, 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 of 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.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

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(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

10. Capital Stock

Authorized, an unlimited number

Class A Preference shares, non-voting, 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, non-voting, issuable in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

	February 28, 2009	August 31, 2008
	\$	\$
Issued		
15,691,100 multiple voting shares	98,346	98,346
32,867,426 subordinate voting shares (32,826,611 at August 31, 2008)	891,715	890,543
	990,061	988,889

During the first six months, subordinate voting share transactions were as follows:

	Number of shares	Amount
		\$
Balance at August 31, 2008	32,826,611	890,543
Shares issued for cash under the Employee Stock Purchase Plan and Stock Option Plan	40,815	964
Compensation expense previously recorded in contributed surplus for options exercised	—	208
Balance at February 28, 2009	32,867,426	891,715

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

10. Capital Stock (continued)

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 first six months, the Corporation granted 133,381 stock options (99,084 in 2008) with an exercise price of \$34.46 (\$45.59 to \$49.82 in 2008) of which 29,711 stock options (22,683 in 2008) were granted to COGECO Inc.'s employees. During the three and six month periods ended February 28, 2009, the Corporation charged an amount of \$79,000 and \$91,000 (\$97,000 and \$181,000 in 2008) with regards to the Corporation's options granted to COGECO Inc.'s employees. The Corporation records compensation expense for options granted on or after September 1, 2003. As a result, a compensation expense of \$95,000 and \$184,000 (\$490,000 and \$726,000 in 2008) was recorded for the three and six month periods ended February 28, 2009.

The fair value of stock options granted for the six month period ended February 28, 2009 was \$8.96 (\$12.86 in 2008) per option. The fair value of each option granted was estimated at the grant date for purposes of determining the stock-based compensation expense using the binomial option pricing model based on the following assumptions:

	2009	2008
	%	%
Expected dividend yield	1.40	0.90
Expected volatility	29	27
Risk-free interest rate	4.22	4.25
Expected life in years	4.0	4.0

At February 28, 2009, the Corporation had outstanding stock options providing for the subscription of 905,492 subordinate voting shares. These stock options, which include 123,067 conditional stock options, can be exercised at various prices ranging from \$7.05 to \$49.82 and at various dates up to October 29, 2018. On April 6, 2009, the Corporation cancelled 206,180 stock options which had been conditionally granted in relation with the acquisition of Cabovisão, at a price of \$26.63 per share, subject to performance criteria of Cabovisão being met. Of these options, 112,662 were conditional.

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 six months, 6,282 deferred share units were awarded to the participants in connection with the DSU Plan. Expenses of \$203,000 and \$158,000 were recorded for the three and six month periods ended February 28, 2009 for the liability related to this plan.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***11. Accumulated Other Comprehensive Income**

	Translation of a net investment in self- sustaining foreign subsidiaries \$	Cash flow hedges \$	Total \$
Balance at August 31, 2008	15,660	(306)	15,354
Other comprehensive income (loss)	11,393	(3,747)	7,646
Balance at February 28, 2009	27,053	(4,053)	23,000

12. Statements of Cash Flows

a) Changes in non-cash operating items

	February 28, 2009 \$	Three months ended February 29, 2008 \$	February 28, 2009 \$	Six months ended February 29, 2008 \$
Accounts receivable	2,257	(3,977)	692	(4,420)
Income taxes receivable	(3,083)	(129)	(6,916)	(28)
Prepaid expenses	(1,387)	(766)	10	569
Accounts payable and accrued liabilities	15,366	6,493	(28,093)	(32,499)
Income tax liabilities	7,029	6,225	(9,873)	8,841
Deferred and prepaid income and other liabilities	(828)	(2,128)	398	(1,153)
	19,354	5,718	(43,782)	(28,690)

b) Other information

	February 28, 2009 \$	Three months ended February 29, 2008 \$	February 28, 2009 \$	Six months ended February 29, 2008 \$
Fixed asset acquisitions through capital leases	219	1,373	1,158	1,446
Interest paid	12,217	10,962	33,714	31,884
Income taxes paid	5,680	2,473	32,366	2,473

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***13. 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:

	February 28, 2009	Three months ended		February 28, 2009	February 29, 2008
	\$	February 29, 2008	\$	\$	\$
Contributory defined benefit pension plans	346	282		692	564
Defined contribution pension plan and collective registered retirement savings plan	880	749		1,776	1,439
	1,226	1,031		2,468	2,003

14. 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 counterpart 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 counterparts 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 counterparts in order to minimize the risk of counterparts default under the agreements. At February 28, 2009, management believes that the credit risk relating to its swaps is minimal, since the lowest credit rating of the counterparts 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.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***14. 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 accounts 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 February 28, 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 in 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:

	February 28, 2009	August 31, 2008
	\$	\$
Trade accounts receivable	71,071	66,559
Allowance for doubtful accounts	(16,172)	(12,357)
	54,899	54,202
Other accounts receivable	4,531	5,380
	59,430	59,582

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.

	February 28, 2009	August 31, 2008
	\$	\$
Net trade accounts receivable not past due	40,416	40,945
Net trade accounts receivable past due	14,483	13,257
	54,899	54,202

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***14. 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 February 28, 2009, the available amount of the Corporation's Term Facility was \$408.2 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:

	2009 (six months)	2010 (twelve months)	2011 (twelve months)	2012 (twelve months)	2013 (twelve months)	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Bank indebtedness	34,562	-	-	-	-	-	34,562
Accounts payable and accrued liabilities	222,599	-	-	-	-	-	222,599
Long-term debt ⁽¹⁾	175,295	42,158	386,829	175,000	-	396,737	1,176,019
Derivative financial instruments							
Cash outflows (Canadian dollar)	-	-	-	-	-	201,875	201,875
Cash inflows (Canadian dollar equivalent of US dollar)	-	-	-	-	-	(241,737)	(241,737)
Obligations under capital leases ⁽²⁾	2,323	3,197	1,992	1,258	50	-	8,820
	434,779	45,355	388,821	176,258	50	356,875	1,402,138

⁽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 and interest rate prevailing on the current debt at February 28, 2009 and their respective maturities:

	2009 (six months)	2010 (twelve months)	2011 (twelve months)	2012 (twelve months)	2013 (twelve months)	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Interest payments on long-term debt	27,943	50,256	48,629	29,292	27,038	83,214	266,372
Interest payments on derivative financial instruments	9,787	18,880	17,523	14,614	14,614	30,445	105,863
Interest receipts on derivative financial instruments	(10,490)	(20,412)	(19,302)	(16,922)	(16,922)	(35,253)	(119,301)
	27,240	48,724	46,850	26,984	24,730	78,406	252,934

COGECO CABLE INC.

Notes to Consolidated Financial Statements

February 28, 2009

(unaudited)

(amounts in tables are in thousands of dollars, except number of shares and per share data)

14. 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 February 28, 2009, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Facility. On January 22, 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 of 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 \$2.7 million based on the current debt at February 28, 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 February 28, 2009, bank indebtedness denominated in US dollars amounted to US\$1,451,000 (US\$286,000 at August 31, 2008) while accounts payable denominated in US dollars amounted to US\$7,580,000 (US\$16,121,000 at August 31, 2008). At February 28, 2009, Euro-denominated cash and cash equivalents amounted to €736,000 (€219,000 at August 31, 2008) while accounts payable denominated in Euros amounted to €134,000 (€163,000 at August 31, 2008). Due to their short-term nature, the risk arising from fluctuations in foreign exchange rates is usually not significant, except for the unusual high volatility of the US dollar compared to the Canadian dollar during the first six months of fiscal 2009. During the six month period ended February 28, 2009, the exchange rate increased from \$1.0620 at August 31, 2008, to \$1.2723 at February 27, 2009, reaching a high of \$1.2935 on November 20, 2008. The impact of a 10% change in the foreign exchange rates (US dollar and Euros) would change financial expense by approximately \$1.1 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 February 28, 2009, the net investment amounted to €196,758,000 (€446,051,000 at August 31, 2008) while long-term debt denominated in Euros amounted to €228,955,000 (€237,455,000 at August 31, 2008). The exchange rate used to convert the Euro currency into Canadian dollars for the balance sheet accounts at February 28, 2009 was \$1.6129 per Euro compared to \$1.5580 per Euro at August 31, 2008. The impact of a 10% change in the exchange rate of the Euro into Canadian dollars would change financial expense by approximately \$1.0 million and other comprehensive income by approximately \$5.2 million.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***14. 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 of the Corporation's financial instruments approximates fair value, except as otherwise noted in the following table:

	February 28, 2009		August 31, 2008	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt	1,180,026	1,149,318	1,055,041	1,049,329

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 February 28, 2009, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

COGECO CABLE INC.**Notes to Consolidated Financial Statements****February 28, 2009***(unaudited)**(amounts in tables are in thousands of dollars, except number of shares and per share data)***14. Financial and Capital Management (continued)**

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

	February 28, 2009	August 31, 2008
Net indebtedness ⁽¹⁾ / Shareholders' equity	1.2	0.8
Net indebtedness ⁽¹⁾ / Operating income before amortization ⁽²⁾	2.3	2.5
Operating income before amortization / Financial expense ⁽³⁾	5.9	6.4

⁽¹⁾ Net indebtedness is defined as the total of bank indebtedness, long-term debt and derivative financial instrument liability, less cash and cash equivalents and assets related to derivative financial instruments.

⁽²⁾ Calculation based on operating income before amortization for the last twelve month period ended February 28, 2009.

⁽³⁾ Calculation based on operating income before amortization for the six month period ended February 28, 2009 and twelve month period ended August 31, 2008.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation to reflect the reclassification of foreign exchange gains or losses from operating costs to financial expense.