PRESS RELEASE
For immediate release

Cogeco Cable Inc. reports First Quarter 2014 financial results

- Profit for the period of $49.7 million, in line with 2014 financial guidelines;
- Free cash flow(1) of $68.2 million, an increase of $51.3 million over the same period last year;
- Quarterly dividend of $0.30 per share, an increase of 15.4% compared to the same period last year.

Montréal, January 13, 2014 – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the first quarter of fiscal 2014, ended November 30, 2013, in accordance with International Financial Reporting Standards ("IFRS").

For the first quarter of fiscal 2014:

- Revenue increased by 44.9% to reach $475.0 million compared to the same period of the prior year;
- Operating income before depreciation and amortization(1) increased by 43.7% compared to the first quarter of fiscal 2013, reaching $211.5 million. The rapid progression for the period result from the acquisitions of Atlantic Broadband and Peer 1 Network Enterprises, Inc. ("PEER 1") ("the recent acquisitions") which occurred at the end of the first quarter and during the second quarter of fiscal 2013, respectively, as well as the improvement of financial results from all of our operating units;
- Operating margin(1) slightly decreased to 44.5% from 44.9% in the quarter when compared to the same period of the prior year essentially attributable to lower margin business activities from the recent acquisition of PEER 1;
- In the first quarter, profit for the period amounted to $49.7 million, or $1.02 per share compared to $42.1 million, or $0.87 per share in fiscal 2013. Profit progression is mostly attributable to the improvement in the operating income before depreciation and amortization generated by the recent acquisitions and the Canadian cable services segment, partly offset by additional depreciation and amortization and financial expense related to these acquisitions;
- Free cash flow(1) reached $68.2 million for the quarter compared to $16.9 million in the comparable quarter of the prior year. The increase for the period is attributable to the improvement of operating income before depreciation and amortization explained above as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense as a result of higher indebtedness;
- A quarterly dividend of $0.30 per share was paid to the holders of subordinate and multiple voting shares, an increase of $0.04 per share, or 15.4%, when compared to a dividend of $0.26 per share paid in the first quarter of fiscal 2013; and
- On November 22, 2013, the Corporation amended and restated its Term Revolving Facility of $800 million with a syndicate of lenders. The amended and restated Term Revolving Facility also replaced Cogeco Cable's Secured Credit Facilities coming to maturity on January 27, 2017 which was fully repaid on November 22, 2013. The Term Revolving Facility was extended and will mature on January 22, 2019 and the maturity can be extended annually.

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

“We are very pleased to report strong financial results for the first quarter of fiscal year 2014,” declared Louis Audet, President and Chief Executive Officer of Cogeco Cable.

“We have delivered a solid performance across all of our business segments, in order to meet our fiscal year 2014 financial guidelines. Our improved profitability is partly due to sound cost management. In addition, we have achieved a free cash flow of $68 million, which puts us on path towards reducing our leverage ratio to 3 times by August 31, 2015.” continued Louis Audet.

“Cogeco Cable continues to grow. I am enthusiastic that we are able to deliver solid results and to add further value to our shareholders,” concluded Louis Audet

ABOUT COGECO CABLE

Cogeco Cable is a telecommunications corporation and is the11th largest hybrid fibre coaxial cable operator in North America operating in Canada through its subsidiary Cogeco Cable Canada in Quebec and Ontario, and in the United States of America through its subsidiary Atlantic Broadband in Western Pennsylvania, South Florida, Maryland/Delaware and South Carolina. Its two-way broadband cable networks provide to its residential and small business customers Analogue and Digital Television, High Speed Internet and Telephony services. Through its subsidiary Cogeco Enterprise Services, the holding company of Cogeco Data Services and Peer 1 Network Enterprises, Cogeco Cable provides its commercial customers a suite of IT hosting, information and communications technology services (data centre, colocation, managed hosting, cloud infrastructure and connectivity), with 20 data centres, extensive fibre networks in Montreal and Toronto as well as points-of-presence in North America and Europe. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA). For more information about Cogeco Cable and its subsidiaries visit www.cogeco.ca, cogecodata.com, atlanticbb.com, peer1.com and peer1hosting.co.uk.

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Source:	**Cogeco Cable Inc.** Pierre Gagné Senior Vice President and Chief Financial Officer Tel.: 514-764-4700
Information:	**Media** René Guimond Vice-President, Public Affairs and Communications Tel.: 514-764-4700

Analyst Conference Call: **Tuesday, January 14, 2014 at 9:30 a.m.** (Eastern Standard Time)
Media representatives may attend as listeners only.

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

Canada/United States Access Number: **1 866-321-6651**
International Access Number: **+ 1 416-642-5212**
Confirmation Code: **8812199**
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until April 25, 2014, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **8812199**

FINANCIAL HIGHLIGHTS

	Quarters ended November 30,		
(in thousands of dollars, except percentages and per share data)	**2013**	2012 [2]	Change
	$	$	%
Operations			
Revenue	**474,980**	327,911	44.9
Operating income before depreciation and amortization[1]	**211,522**	147,176	43.7
Operating margin[1]	**44.5%**	44.9%	—
Operating income	**95,520**	75,210	27.0
Profit for the period	**49,698**	42,113	18.0
Cash Flow			
Cash flow from operating activities	**63,110**	(280)	—
Cash flow from operations[1]	**153,264**	99,731	53.7
Acquisitions of property, plant and equipment, intangible and other assets	**85,089**	82,833	2.7
Free cash flow[1]	**68,175**	16,898	—
Capital intensity[1]	**17.9%**	25.3%	—
Financial Condition[3]			
Property, plant and equipment	**1,842,190**	1,854,155	(0.6)
Total assets	**5,249,288**	5,253,097	(0.1)
Indebtedness[4]	**2,991,147**	2,944,182	1.6
Shareholders' equity	**1,381,635**	1,344,092	2.8
Per Share Data[5]			
Earnings per share			
Basic	**1.02**	0.87	17.2
Diluted	**1.01**	0.86	17.4

(1) The indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the Management's discussion and analysis ("MD&A").

(2) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

(3) At November 30, 2013 and August 31, 2013.

(4) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt, balance due on a business combination and obligations under derivative financial instruments.

(5) Per multiple and subordinate voting share.

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

Three-month period ended November 30, 2013

FORWARD-LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis ("MD&A") 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 economic downturn experienced over the past few years makes 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 uncertainties 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 section of the Corporation's 2013 annual MD&A) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include namely risks pertaining to markets and competition, technology, regulatory developments, operating costs, information systems, disasters or other contingencies, financial risks related to capital requirements, human resources, controlling shareholder and holding structure, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresees. 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 does not undertake to update or alter this information at any particular time, except as may be required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three-month period ended November 30, 2013, prepared in accordance with the International Financial Reporting Standards ("IFRS") and the MD&A included in the Corporation's 2013 Annual Report.

CORPORATE OBJECTIVES AND STRATEGIES

Cogeco Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to provide outstanding service to its customers, improve profitability and create shareholder value. To achieve these objectives, the Corporation has developed strategies that focus on expanding its service offering and enhancing its existing services or bundles, improving the networks, improving customer experience and business processes as well as keeping a sound capital management and a strict control over spending. The Corporation measures its performance, with regard to these objectives by monitoring operating income before depreciation and amortization[(1)], operating margin[(1)], free cash flow[(1)] and capital intensity[(1)].

KEY PERFORMANCE INDICATORS

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND OPERATING MARGIN

First-quarter operating income before depreciation and amortization increased by 43.7% compared to the same period of fiscal 2013 to reach $211.5 million and operating margin decreased to 44.5% from 44.9%. The improvement in operating income before depreciation and amortization is mainly attributable to the acquisition of Atlantic Broadband and Peer 1 Network Enterprises, Inc. ("PEER 1") (the "recent acquisitions") which occurred at the end of the first quarter and in the second quarter of fiscal 2013, respectively, as well as the improvement in the financial results of the Canadian cable services segment.

FREE CASH FLOW

For the three-month period ended November 30, 2013, Cogeco Cable reports free cash flow of $68.2 million, compared to $16.9 million for the first three months of the previous fiscal year, representing an increase of $51.3 million. This variance is mostly attributable to the improvement of operating income before depreciation and amortization explained above as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense as a result of higher indebtedness.

CAPITAL INTENSITY AND ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

For the first quarter of fiscal 2014, the acquisitions of property, plant and equipment, intangible and other assets amounted to $85.1 million over revenue of $475.0 million for a capital intensity ratio of 17.9% compared to 25.3% in the comparable period of prior year. The improvement of the capital intensity ratio is mainly attributable to the achievement of a comprehensive upgrade of the networks in the Canadian cable services segment which occurred in fiscal 2012 as well as in early fiscal 2013, partly offset by the timing of certain initiatives. For further details on the Corporation's capital expenditures please refer to the "Cash flow analysis" section.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

Quarters ended November 30,	**2013**	2012 [(1)(2)]	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**474,980**	327,911	44.9
Operating expenses	**253,949**	174,154	45.8
Management fees – COGECO Inc.	**9,509**	6,581	44.5
Operating income before depreciation and amortization	**211,522**	147,176	43.7
Operating margin	**44.5%**	44.9%	

(1) Operating results for the period ended November 30, 2012 exclude those of the recent acquisitions.

(2) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

REVENUE

Fiscal 2014 first-quarter revenue increased by $147.1 million, or 44.9%, to reach $475.0 million, compared to the same period last year. Revenue increase is mainly attributable to the operating results of the recent acquisitions as well as rate increases implemented in June 2013 in the Canadian cable services segment as well as the organic growth from data centre, managed IT and connectivity services in the Enterprise services segment. For further details on the Corporation's revenue, please refer to the "Segmented operating results" sections.

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

OPERATING EXPENSES AND MANAGEMENT FEES

For the first quarter of fiscal 2014, operating expenses increased by $79.8 million, to reach $253.9 million, an increase of 45.8% compared to the prior year. These additional operating expenses are mostly attributable to the recent acquisitions, partly offset by cost reduction initiatives and the restructuring activities occurred in the fourth quarter of fiscal 2013 in the Canadian cable services. For further details on the Corporation's operating expenses, please refer to the "Segmented operating results" sections.

Management fees paid to COGECO Inc. amounted to $9.5 million, 44.5% higher when compared to $6.6 million in fiscal 2013 as a result of higher revenues stemming from the recent acquisitions. For fiscal year 2014, management fees have been set at a maximum of $9.7 million ($9.6 million in 2013), which is expected to be paid within the first half of the fiscal year. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND OPERATING MARGIN

Fiscal 2014 first-quarter operating income before depreciation and amortization increased by $64.3 million, or 43.7%, to reach $211.5 million as a result of the recent acquisitions and the improvement of the financial results in all our business units. Cogeco Cable's first-quarter operating margin decreased to 44.5% from 44.9% in the comparable period of the prior year essentially attributable to lower margin business activities from the recent acquisition of PEER 1. For further details on the Corporation's operating income before depreciation and amortization, please refer to the "Segmented operating results" sections.

FIXED CHARGES

Quarters ended November 30 *(in thousands of dollars, except percentages)*	**2013** **$**	2012 [(1)] $	Change %
Depreciation and amortization	**115,754**	64,666	79.0
Financial expense	**32,549**	15,714	—

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

For the first quarter of fiscal 2014, depreciation and amortization expense reached $115.8 million compared to $64.7 million for the same period of the prior year. The increase resulted mainly from the recent acquisitions, which occurred at the end of the first quarter and in the second quarter of fiscal 2013 and consequently, no depreciation and amortization expense related to these acquisitions were included in the fiscal 2013 first-quarter.

For fiscal 2014 first-quarter, financial expense increased by $16.8 million to reach $32.5 million compared to $15.7 million in the prior year as a result of the recent acquisitions financing costs.

INCOME TAXES

Fiscal 2014 first-quarter income tax expense amounted to $13.3 million, compared to $17.4 million in the prior year. The decrease is mostly attributable to the increase in fixed charges as well as the favorable impact of the tax structure from the recent acquisitions, partly offset by the improvement in operating income before depreciation and amortization.

PROFIT FOR THE PERIOD

For the period ended November 30, 2013, profit for the period amounted to $49.7 million, or $1.02 per share, compared to $42.1 million, or $0.87 per share, in fiscal 2013. Profit progression is mostly attributable to the improvement in the operating income before depreciation and amortization generated by the recent acquisitions, partly offset by the fixed charges explained above.

CUSTOMER STATISTICS

	Consolidated	UNITED STATES	CANADA	Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2013			**2013**	2012 [2]	**2013**	2012 [2]
Primary service units ("PSU")[4]	**2,464,932**	**489,430**	**1,975,502**	**(2,725)**	15,788 [3]		
Television service customers	**1,057,859**	**230,210**	**827,649**	**(9,093)**	(2,076)	**48.2**	52.1
HSI service customers	**848,897**	**180,640**	**668,257**	**10,452**	11,553 [3]	**38.7**	39.4 [3]
Telephony service customers	**558,176**	**78,580**	**479,596**	**(4,084)**	6,311	**25.4**	28.9

(1) As a percentage of homes passed.

(2) Net additions (losses) and penetration rates for fiscal 2012 are only for the Canadian cable services segment.

(3) In the fourth quarter of fiscal 2013, High Speed Internet ("HSI") customers have been adjusted upwards retroactively to comply with the industry practices and consequently, PSU and penetration rate have been also adjusted.

(4) Represents the sum of Television, HSI and Telephony service customers

On November 30, 2013, PSU reached 2,464,932 of which 1,975,502 come from the Canadian cable services segment and 489,430 from the American cable services segment. In the Canadian cable services segment, PSU decreased by 4,620 in the quarter compared to an increase of 15,788 PSU for the comparable period of the prior year, mainly as a result of service category maturity and a much more competitive environment in all services. In the American cable services segment, PSU increased by 1,895 for the quarter stemming primarily from additional HSI services, offset by small losses in Television services. At the consolidated level, fiscal 2014 first-quarter PSU net losses amounted to 2,725 compared to net additions of 15,788 in the comparable period of the prior year. Fiscal 2014 first-quarter net losses for Television service customers stood at 9,093 compared to 2,076, HSI service customers grew by 10,452 compared to 11,553 and the Telephony service net losses stood at 4,084 customers compared to net additions of 6,311 for the comparable period of fiscal 2013. HSI net additions continue to stem from the enhancement of the product offering and the impact of the bundled offer. For further details please consult the customer statistics on the Canadian and American cable services sections under the "Segmented operating results" section.

RELATED PARTY TRANSACTIONS

Cogeco Cable is a subsidiary of COGECO Inc., which holds 32.1% of the Corporation's equity shares, representing 82.6% of the Corporation's voting shares. On September 1, 1992, Cogeco Cable executed a management agreement with COGECO Inc. under which the parent company agreed to provide certain executive, administrative, legal, regulatory, strategic and financial planning services and additional services to the Corporation and its subsidiaries (the "Management Agreement"). These services are provided by COGECO Inc.'s senior executives, including the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President, Corporate Affairs Chief Legal Officer and Secretary, the Vice President, Corporate Development, the Vice President and Treasurer, the Vice President, Public Affairs and Communications and the Vice President, Internal Audit. No direct remuneration is payable to such senior executives by the Corporation. However, the Corporation granted 83,650 stock options (69,615 in 2013) to these senior executives as senior executives of Cogeco Cable during the first three months of fiscal 2014. During the first quarter of fiscal 2014, the Corporation charged COGECO Inc. an amount of $94,000 ($90,000 in 2013) with regard to the Corporation's stock options granted to these senior executives.

During the first three months of fiscal 2014, the Corporation also granted 12,450 (12,005 in 2013) Incentive Share Units ("ISUs") to these senior executives as senior executives of Cogeco Cable. During the first quarter of fiscal 2014, the Corporation charged COGECO Inc. an amount of $199,000 ($107,000 in 2013) with regard to the Corporation's ISUs granted to these senior executives.

Under the Management Agreement, the Corporation pays monthly fees equal to 2% of its total revenue to COGECO Inc. for the above-mentioned services. The management fees are subject to annual upward adjustment based on increases in the Consumer Price Index in Canada. This limit can be increased under certain circumstances upon request to that effect by COGECO Inc. For fiscal year 2014, management fees have been set at a maximum of $9.7 million ($9.6 million in 2013), which is expected to be paid within the first half of the fiscal year. For fiscal year 2013, management fees were fully paid in the first half of the year. In addition, the Corporation reimburses COGECO Inc.'s out-of-pocket expenses incurred with respect to services provided to the Corporation under the Management Agreement.

Details regarding the management agreement and stock options and incentive share units granted to COGECO Inc.'s senior executives are provided in the Corporation's 2013 Annual Report.

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

CASH FLOW ANALYSIS

Quarters ended November 30,	2013	2012[1]
(in thousands of dollars)	**$**	$
Operating activities		
Cash flow from operations	**153,264**	99,731
Changes in non-cash operating activities	**(86,704)**	(81,113)
Amortization of deferred transaction costs and discounts on long-term debt	**(1,842)**	(740)
Income taxes paid	**(18,304)**	(42,533)
Current income tax expense	**26,553**	25,091
Financial expense paid	**(42,406)**	(16,430)
Financial expense	**32,549**	15,714
	63,110	(280)
Investing activities	**(84,660)**	(1,436,894)
Financing activities	**8,307**	1,231,061
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**199**	—
Net change in cash and cash equivalents	**(13,044)**	(206,113)
Cash and cash equivalents, beginning of the period	**39,575**	215,391
Cash and cash equivalents, end of the period	**26,531**	9,278

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

OPERATING ACTIVITIES

Fiscal 2014 first-quarter cash flow from operating activities reached $63.1 million compared to negative cash flow from operating activities of $0.3 million for the same period last year. This increase resulted from the improvement in operating income before depreciation and amortization as well as the decrease in integration, restructuring and acquisition costs, partly offset by an increase in financial expense as a result of higher indebtedness level from the recent acquisitions.

INVESTING ACTIVITIES

BUSINESS COMBINATION IN FISCAL 2013

On November 30, 2012, the Corporation completed the acquisition of all the outstanding shares of Atlantic Broadband, an independent cable system operator formed in 2003, providing Analogue and Digital Television, as well as HSI and Telephony services to residential and small and medium business customers.

During the first quarter of fiscal 2014, the Corporation finalized the purchase price allocation of Atlantic Broadband which remains unchanged since the last adjustments made in the fourth quarter of fiscal 2013. Therefore, the final purchase price allocation is as follows:

	Final
(in thousands of dollars)	**$**
Consideration	
Paid	
Purchase of shares	**337,779**
Working capital adjustments	**5,415**
Repayment of secured debt	**1,021,854**
	1,365,048
Net assets acquired	
Cash and cash equivalents	**5,480**
Trade and other receivables	**12,012**
Prepaid expenses and other	**1,370**
Income tax receivable	**3,907**
Property, plant and equipment	**302,211**
Intangible assets	**711,418**
Goodwill	**522,215**
Deferred tax assets	**98,592**
Trade and other payables assumed	**(27,620)**
Provisions	**(721)**
Deferred and prepaid revenue and other liabilities assumed	**(7,697)**
Deferred tax liabilities	**(256,119)**
	1,365,048

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

Investing activities, including acquisition of property, plant and equipment segmented according to the *National Cable Television Association* ("NCTA") standard reporting categories, are as follows:

Quarters ended November 30,	**2013**	2012
(in thousands of dollars)	**$**	$
Customer premise equipment[(1)]	**25,317**	19,700
Scalable infrastructure[(2)]	**19,800**	32,614
Line extensions	**5,297**	2,929
Upgrade / Rebuild	**5,306**	3,511
Support capital	**3,981**	5,612
Acquisition of property, plant and equipment - Cable services[(3)]	**59,701**	64,366
Acquisition of property, plant and equipment - Enterprise services[(4)]	**21,272**	13,826
Acquisitions of property, plant and equipment	**80,973**	78,192
Acquisition of intangible and other assets - Cable services[(3)]	**3,678**	3,901
Acquisition of intangible and other assets - Enterprise services[(4)]	**438**	740
Acquisitions of intangible and other assets	**4,116**	4,641
	85,089	82,833

(1) Includes mainly home terminal devices as well as new and replacement drops.
(2) Includes mainly head-end equipment, digital video and telephony transport as well as HSI equipment.
(3) Fiscal 2013 first-quarter acquisition of property, plant and equipment, intangible and other assets are only for the Canadian cable services segment.
(4) Fiscal 2013 first-quarter acquisition of property, plant and equipment, intangible and other assets are only for Cogeco Data Services and therefore, exclude those of PEER 1.

Fiscal 2014 first-quarter acquisition of property, plant and equipment in the Cable services amounted to $59.7 million, a decrease of 7.2% compared to $64.4 million for the comparable period of fiscal 2013. In the Canadian cable services segment, acquisition of property, plant and equipment amounted to $48.8 million, a decrease of $15.6 million compared to $64.4 million in the same period of the prior year. Fiscal 2014 first-quarter acquisition of property, plant and equipment in the American cable services segment amounted to $10.9 million.

The decreases in the Cable services segment included mainly the following factors:

- A decrease in scalable infrastructure due to the deployment in fiscal 2012 and early fiscal 2013 of advanced technologies such as DOCSIS 3.0 and Switched Digital Video in existing areas served;
- Some capital expenditures decreases due to the timing of certain initiatives; and
- Partly offset by, an increase in customer premise equipment mainly due to the continuing migration of analogue packages to digital technology in the American cable services segment.

Fiscal 2014 first-quarter acquisition of property, plant and equipment in the Enterprise services segment amounted to $21.3 million, an increase of 53.9% compared to $13.8 million in fiscal 2013. The increase is mainly due to the recent acquisition of PEER 1 and by the expansion of data centre facilities in Toronto, Canada and in Portsmouth, England as well as the fiber expansion in the Toronto area in order to fulfill orders from new customer demand.

Acquisition of intangible and other assets are mainly attributable to reconnect and additional service activation costs as well as other customer acquisition costs. For the period ended November 30, 2013, the acquisition of intangible and other assets amounted to $4.1 million compared to $4.6 million for the same period last year.

FREE CASH FLOW AND FINANCING ACTIVITIES

In the first quarter, free cash flow amounted to $68.2 million, $51.3 million higher than in the comparable period of fiscal 2013. Free cash flow increase over the prior year is due to the improvement of operating income before depreciation and amortization in the Canadian cable services segment and the recent acquisitions as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense as a result of higher indebtedness level from the recent acquisitions.

In the first quarter of fiscal 2014, higher Indebtedness level provided for a cash increase of $27.8 million, mainly due to the increase of the Term Revolving Facility of $33.3 million and the decrease in bank indebtedness of $4.2 million.

In the first quarter of fiscal 2013, higher Indebtedness level provided for a cash increase of $1.246 billion, mainly due to the draw-down on the Term Revolving Facility of $584.2 million (US$588 million) and the new Term Loan Facilities of $637.4 million (US$660 million for net proceeds of US$641.5 million, net of transaction costs of US$18.5 million) to finance the acquisition of Atlantic Broadband.

During the first quarter of fiscal 2014, a quarterly dividend of $0.30 per share was paid to the holders of subordinate and multiple voting shares, totaling $14.6 million, compared to a quarterly dividend of $0.26 per share, or $12.7 million the year before.

As at November 30, 2013, the Corporation had a working capital deficiency of $144.4 million compared to $224.2 million at August 31, 2013. The decrease of $79.8 million in the deficiency is mainly due to the decrease of $96.9 million in trade and other payables partly offset by an increase of $8.7 million in income tax liabilities. 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 trade and other payables, which are paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At November 30, 2013, the Corporation had used $608.6 million of its $800 million amended and restated Term Revolving Facility for a remaining availability of $191.4 million. In addition, two subsidiaries of the Corporation also benefit from a Revolving Facility of $106.2 million (US$100 million) related to the acquisition of Atlantic Broadband, of which $21.8 million (US$20.6 million) was used at November 30, 2013 for a remaining availability of $84.4 million (US$79.4 million).

FINANCIAL POSITION

Since August 31, 2013, the following balances have changed significantly: “cash and cash equivalents”, “property, plant and equipment”, “goodwill”, “trade and other payables”, “income tax liabilities” and “long-term debt”.

The decrease of $13.0 million in cash and cash equivalents and the increase of $54.2 million in long-term debt are due to the factors previously discussed in the “Cash flow analysis” section and to the appreciation of US dollar and British Pound currency compared to Canadian dollar. The $12.0 million decrease in property, plant and equipment is mainly related to the excess of depreciation expense over acquisitions discussed in the “Cash flow analysis” section, partly offset by the impact of the appreciation of the US dollar and British Pound currency compared to Canadian dollar. Goodwill increased by $11.1 million due to the appreciation of the US dollar and the British Pound against the Canadian dollar in the first quarter of fiscal 2014. The $96.9 million decrease in trade and other payables is related to the timing of payments made to suppliers and the income tax liabilities increase of $8.7 million due to the excess of current income tax expense over income tax paid.

OUTSTANDING SHARE DATA

A description of Cogeco Cable’s share data at December 31, 2013 is presented in the table below. Additional details are provided in note 11 of the condensed interim consolidated financial statements.

	Number of shares/options	Amount (in thousands of dollars)
Common shares		
Multiple voting shares	15,691,100	98,346
Subordinate voting shares	33,311,641	907,500
Options to purchase subordinate voting shares		
Outstanding options	890,121	
Exercisable options	338,767	

FINANCING

In the normal course of business, Cogeco Cable has incurred financial obligations, primarily in the form of long-term debt, operating and finance leases and guarantees. Cogeco Cable’s obligations, as discussed in the 2013 Annual Report, have not materially changed since August 31, 2013, except as mentioned below.

On November 22, 2013, the Corporation amended and restated its Term Revolving Facility of $800 million with a syndicate of lenders. The maturity was extended and will mature on January 22, 2019 and the maturity can be extended annually. The amendments reduced the margin for the calculation of the interest rate and reduced restrictions on some covenants. The amended and restated Term Revolving Facility also replaced Cogeco Cable’s Secured Credit Facilities coming to maturity on January 27, 2017 which was fully repaid on November 22, 2013. This amended and restated Term Revolving Facility is comprised of two tranches: a first tranche, a Canadian tranche, amounting to $788 million and the second tranche, a UK tranche, amounting to $12 million. The Canadian tranche is available in Canadian dollars, US dollars, Euros and British Pounds and interest rates are based on banker's acceptance, US dollar base rate loans, LIBOR loans in US dollars, Euros or British Pounds, plus the applicable margin. The UK tranche is available in British Pounds and interest rates are based on British Pounds base rate loans and British Pounds LIBOR loans. The Term Revolving Facility is indirectly secured by first priority fixed and floating charges and a security interest on substantially all present and future real and personal properties and undertaking of every nature and kind of the Corporation and certain of its subsidiaries, and provides for certain permitted encumbrances, including purchased money obligations, existing funded obligations and charges granted by any subsidiary prior to the date when it becomes a subsidiary, subject to a maximum amount. The provisions under this 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 operating income before amortization, financial expense and total indebtedness.

FINANCIAL MANAGEMENT

The Corporation had 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 on October 1, 2015. These agreements have the effect of converting the U.S. interest coupon rate of 7.00% per annum to an average Canadian dollar interest rate of 7.24% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at $1.0625 per US dollar. The Corporation elected to apply cash flow hedge accounting on these derivative financial instruments. During the first quarter of fiscal 2014, amounts due under the US$190 million Senior Secured Notes Series A increased by $1.7 million due to the US dollar's appreciation relative to the Canadian dollar. The fair value of cross-currency swaps asset increased by a net amount of $2.0 million, of which an increase of $1.7 million offsets the foreign exchange loss on the debt denominated in US dollars. The difference of $0.3 million was recorded as an increase of other comprehensive income. During the first quarter of fiscal 2013, amounts due under the US$190 million Senior Secured Notes Series A increased by $1.5 million due to the US dollar's appreciation over the Canadian dollar. The fair value of cross-currency swaps liability decreased by a net amount of $1.1 million, of which $1.5 million offsets the foreign exchange loss on the debt denominated in US dollars.

In addition, on July 22, 2013, Cogeco Cable had entered into interest rate swap agreements to fix the interest rate on US$200 million of its LIBOR based loans. These agreements have the effect of converting the floating US LIBOR base rate at an average fixed rate of 0.39625% under the Term Revolving Facility until July 25, 2015. The Corporation elected to apply hedge accounting on these derivative financial instruments. The fair value of interest rate swaps asset decreased by a net amount of $0.9 million which was recorded as a decrease of other comprehensive income at November 30, 2013.

Furthermore, the Corporation's net investment in 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 US dollar and British Pound. This risk was mitigated since the major part of the purchase prices for Atlantic Broadband and PEER 1 were borrowed directly in US dollars and British Pounds. These debts were designated as hedges of net investments in foreign operations. At November 30, 2013, the net investment for Atlantic Broadband and for PEER 1 amounted to US$1.1 billion and £70.7 million while long-term debt hedging these net investments amounted to US$853.0 million and £$56.7 million, respectively. The exchange rate used to convert the US dollar currency and British Pound currency into Canadian dollars for the statement of financial position accounts at November 30, 2013 was $1.0620 per US dollar and $1.7383 per British Pound. The impact of a 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change other comprehensive income by approximately $27.3 million.

The average rates prevailing during the first quarter of fiscal 2014 used to convert the operating results of the American cable services and a portion of the Enterprise services were $1.0399 per US dollar and $1.6670 per British Pound. Since the Corporation's condensed interim consolidated financial statements are expressed in Canadian dollars but a portion of its business is conducted in US dollar and British Pound currency, exchange rate fluctuations can increase or decrease the Corporation's operating results.

The following table highlights in Canadian dollars the impact of a 10% increase in the average exchange rate of the US dollar against the Canadian dollar on the American cable services and US dollar and British Pound currency against the Canadian dollar on the Enterprise services operating results for the three-month period ended November 30, 2013:

	American cable services		Enterprise services	
	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$
Revenue	**92,549**	**9,255**	**73,372**	**3,550**
Operating expense	**50,019**	**5,002**	**45,481**	**2,554**
Operating income before depreciation and amortization	**42,530**	**4,253**	**27,891**	**996**
Integration, restructuring and acquisition costs	**58**	**6**	**190**	**—**
Depreciation and amortization	**23,154**	**2,315**	**32,731**	**1,436**
Operating income	**19,318**	**1,932**	**(5,030)**	**(440)**

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 certain equipment, which are purchased and subsequently paid in US dollars.

DIVIDEND DECLARATION

At its January 13, 2014 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.30 per share for multiple voting and subordinate voting shares, payable on February 10, 2014, to shareholders of record on January 27, 2014. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

SEGMENTED OPERATING RESULTS

The Corporation reports its operating results in three operating segments: Canadian cable services, American cable services and Enterprise services. The reporting structure reflects how the Corporation manages the business activities to make decisions about resources to be allocated to the segment and to assess its performance.

CANADIAN CABLE SERVICES

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2013	**2013**	2012 [2]	**2013**	2012 [2]
PSU	**1,975,502**	**(4,620)**	15,788		
Television service customers	**827,649**	**(7,122)**	(2,076)	**49.3**	52.1
HSI service customers	**668,257**	**6,920**	11,553	**39.8**	39.4
Telephony service customers	**479,596**	**(4,418)**	6,311	**28.6**	28.9

(1) As a percentage of homes passed.

(2) In the fourth quarter of fiscal 2013, HSI customers have been adjusted upwards retroactively to comply with the industry practices and consequently, PSU and penetration rate have been also adjusted.

Fiscal 2014 first-quarter, PSU net losses amounted to 4,620 compared to net additions of 15,788 in the comparable period of the prior year mainly as a result of service category maturity, competitive offers and tightening of our customer qualifications. For the first quarter of fiscal 2014 net customer losses for Television service stood at 7,122 compared to 2,076 for the prior year. Television service customer net losses are mainly due to the promotional offers of competitors for the video service combined with the tightening of our customer credit controls. Fiscal 2014 first quarter net additions for HSI service customers stood at 6,920 and Telephony net losses at 4,418 compared to net additions of 11,553 and 6,311, respectively, for the comparable period of prior year. HSI net additions continue to stem from the enhancement of the product offering, the impact of the bundled offer of Television, HSI and Telephony services, and promotional activities.

Furthermore, as at November 30, 2013, 68% (66% in 2012) of the Canadian cable services customers subscribed to two or more services. The distribution of customers by number of services for the Canadian cable services were: 32% who subscribe to the single play (34% in 2012), 32% to the double play (30% in 2012) and 36% to the triple play (36% in 2012).

OPERATING RESULTS

Quarters ended November 30,	**2013**	2012 [1]	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**309,519**	304,815	1.5
Operating expenses	**155,173**	156,160	(0.6)
Operating income before depreciation and amortization	**154,346**	148,655	3.8
Operating margin	**49.9%**	48.8%	

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

Revenue

Fiscal 2014 first-quarter revenue increased by $4.7 million, or 1.5%, to reach $309.5 million, compared to the same period last year. Revenue increased is mainly attributable to rate increases implemented in June 2013 in Quebec and Ontario.

Operating expenses

For the first quarter of fiscal 2014, operating expenses decreased by $1.0 million compared to the prior year to reach $155.2 million as a result of cost reduction initiatives and the restructuring of the Canadian cable services business.

Operating income before depreciation and amortization and operating margin

Fiscal 2014 first-quarter operating income before depreciation and amortization increased by $5.7 million, or 3.8%, to reach $154.3 million as a result of revenue growth combined with operating expense reduction. First-quarter operating margin increased to 49.9% from 48.8% in the comparable period of the prior year.

AMERICAN CABLE SERVICES

On November 30, 2012, the Corporation completed the acquisition of Atlantic Broadband, an independent cable system operator formed in 2003 and providing Analogue and Digital Television, as well as HSI and Telephony services. Atlantic Broadband operates cable systems in Western Pennsylvania, Southern Florida, Maryland/Delaware and South Carolina.

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2013	**2013**	2012	**2013**	2012
PSU	**489,430**	**1,895**	—		
Television service customers	**230,210**	**(1,971)**	—	**44.5**	—
HSI service customers	**180,640**	**3,532**	—	**34.9**	—
Telephony service customers	**78,580**	**334**	—	**15.2**	—

(1) As a percentage of homes passed.

Fiscal 2014 first-quarter PSU net additions stood at 1,895. Television service customers net losses amounted to 1,971 as a result of competitive offers. HSI service customers net additions stood at 3,532 mainly as a result of an increase in residential HSI customers through additional marketing which focused on bundle package offerings, thus increasing overall demand given the higher speed offerings, as well as increased commercial HSI. The number of Telephony service customers increased by 334, mainly from the bundled offers.

Furthermore, on November 30, 2013, 60% (59% in 2012) of the American cable services customers subscribed to two or more services. The distribution of customers by number of services at November 30, 2013 for the American cable services were: 40% who subscribe to the single play (41% in 2012), 38% to the double play (37% in 2012) and 22% to the triple play (22% in 2012).

OPERATING RESULTS

Quarters ended November 30,	**2013**	2012	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**92,549**	—	—
Operating expenses	**50,019**	—	—
Operating income before depreciation and amortization	**42,530**	—	—
Operating margin	**46.0%**	—	

Fiscal 2014 first-quarter revenue reached $92.5 million, in progression from the fourth quarter of fiscal 2013, mainly as a result of an increase in HSI revenue from continued marketing focus for this service offering driving HSI subscriber growth and an increase in commercial revenue by expansion of non-residential customer base through targeted marketing efforts. Fiscal 2014 first-quarter operating expenses amounted to $50.0 million and operating income before depreciation and amortization reached $42.5 million, and consequently, operating margin stood at 46.0%.

ENTERPRISE SERVICES

OPERATING RESULTS

Quarters ended November 30,	**2013**	2012	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**73,372**	23,500	—
Operating expenses	**45,481**	13,682	—
Operating income before depreciation and amortization	**27,891**	9,818	—
Operating margin	**38.0%**	41.8%	

Revenue

Fiscal 2014 first-quarter revenue reached $73.4 million compared to $23.5 million for the same period last year. The increase is primarily due to the recent acquisition in the second quarter of fiscal 2013 of PEER 1 as well as the organic growth from data centre, managed IT and connectivity services.

Operating expenses

For the first quarter of fiscal 2014, operating expenses reached $45.5 million compared to $13.7 million for the same period last year. Operating expenses increased mainly due to the PEER 1 acquisition as well as organic growth.

Operating income before depreciation and amortization and operating margin

Since revenue grew at a faster pace than operating expenses, fiscal 2014 first-quarter operating income before depreciation and amortization amounted to $27.9 million compared to $9.8 million for the same period of the prior year. Operating margin decreased to 38.0% from 41.8% for fiscal 2013 first-quarter as a result of lower margins business activities from PEER 1.

CONTROLS AND PROCEDURES

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

The CEO and CFO, supported by Management, evaluated the design of the Corporation's disclosure controls and procedures and internal controls over financial reporting as of November 30, 2013, and have concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the quarter ended November 30, 2013, except as described below with respect to PEER 1.

On January 31, 2013 and on April 3, 2013, the Corporation acquired 100% of the issued and outstanding shares of PEER 1. Due to the short period of time between those acquisition dates and the certification date on January 13, 2014, management was unable to complete its review of the design of Internal Controls Over Financial Reporting ("ICFR") for this recent acquisition. At November 30, 2013, risks were however mitigated as management was fully apprised of any material events affecting the PEER 1 recent acquisition. In addition, all the assets and liabilities acquired were valued and recorded in the condensed interim consolidated financial statements as part of the preliminary purchase price allocation process and PEER 1 results of operations were also included in the Corporation's consolidated results. PEER 1 constitutes 10% of revenue, -15% of profit of the period, 15% of the total assets, 20% of the current assets, 15% of the non current assets, 8% of the current liabilities and 15% of the non current liabilities of the consolidated condensed interim financial statements for the three-month period ended November 30, 2013. In the upcoming quarters, management will complete its review of the design of ICFR for PEER 1 and assess its effectiveness. Financial information about the preliminary purchase price allocation, assets acquired and liabilities assumed as well as other financial information about PEER 1's business impact can be found in the 2013 Annual Report of the Corporation.

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, 2013, except as mentioned below. A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2013 Annual Report, available at <www.sedar.com> and <www.cogeco.ca>.

On October 24, 2013, the Canadian Radio-Television and Telecommunications Commission ("CRTC") issued a broadcasting notice inviting Canadians to express their views on the future of the television system in Canada. The first phase of that public proceeding was completed in December 2013 and the second phase will take place in the winter of 2014. This public consultation is likely to lead to changes in regulatory policy respecting significant aspects of the production, funding and distribution of television programming content in Canada. On the heels of the CRTC's invitation for comments from the public, the Canadian Government issued on November 14, 2013 a direction to the CRTC under the authority of section 15 of the Broadcasting Act requesting that the CRTC report on television channel choice by no later than April 30, 2014. The requested report will focus specifically on the issue of unbundling of television channels, including the steps the CRTC intends to take in that regard. At this time, it is not known what steps or measures the CRTC will recommend in its report, or how and when these steps or measures would be implemented. They could have a major impact on wholesale and retail pricing of television services distributed by Cogeco Cable and other Canadian terrestrial and satellite broadcasting distributors as, if and when they are eventually implemented.

On November 26, 2013, Rogers Communications and the National Hockey League ("NHL") announced that they had concluded a twelve-year comprehensive broadcast and multimedia licensing agreement respecting all national rights to NHL games on all platforms in all languages in Canada, beginning with 2014-2015 season. Rogers Communications also announced that it had selected CBC and TVA for separate sublicensing deals for English-language broadcasts of "Hockey Night in Canada" and all national French-language multimedia rights, respectively. At this time, the impact of this long-term agreement on wholesale and retail rates for linear subscription and on-demand television programming services involving NHL hockey games distributed by Cogeco Cable and other terrestrial and satellite broadcasting distributors cannot be assessed, nor the extent to which the consumption of Canadian premium sports programming will change over the next twelve years as a result of future distribution sublicensing terms for NHL hockey games.

FUTURE ACCOUNTING DEVELOPMENTS IN CANADA

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standard Board ("IASB") are effective for annual periods starting on or after January 1, 2013 and have been applied in preparing the condensed interim consolidated financial statements for the three months ended November 30, 2013.

NEW ACCOUNTING STANDARDS

The Corporation adopted the following new accounting standards on September 1, 2013. The impacts of the application of this standard are described in Note 2 of the condensed interim consolidated financial statements.

- *Amendment to IAS 19, Employee Benefits* : The principal difference in the amended standard is that the expected long-term rate of return on plan assets will no longer be used to calculate the defined benefit pension costs. The defined benefit pension costs concepts of "interest cost" and "expected return on plan assets" are replaced by the concept of "net interest" calculated by applying the discount rate to the net liability or asset. The net interest cost takes into account the change any contributions and benefit payments have on the net defined benefit liability or asset during the period.

The Corporation also adopted the following standards on September 1, 2013 which had no impact on the condensed interim consolidated financial statements.

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 12 *Disclosure of Interest in Other Entities*
- IFRS 13 *Fair Value Measurement*

CHANGES IN CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies, estimates and future accounting pronouncements since August 31, 2013. A description of the Corporation's policies and estimates can be found in the 2013 Annual Report, available at <www.sedar.com> and <www.cogeco.ca>.

NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Cable throughout this MD&A. It also provides reconciliations between these non-IFRS measures and the most comparable IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS 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 depreciation and amortization", "operating margin" and "capital intensity".

CASH FLOW FROM OPERATIONS AND FREE CASH FLOW

Cash flow from operations is used by Cogeco Cable's management and investors to evaluate cash flow generated by operating activities, excluding the impact of changes in non-cash operating activities, amortization of deferred transaction costs and discounts on long-term debt, income taxes paid, current income tax expense, financial expense paid and financial expense. 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-IFRS 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.

The most comparable IFRS measure is cash flow from operating activities. Cash flow from operations is calculated as follows:

Quarters ended November 30,	**2013**	2012[(1)]
(in thousands of dollars)	**$**	$
Cash flow from operating activities	**63,110**	(280)
Changes in non-cash operating activities	**86,704**	81,113
Amortization of deferred transaction costs and discounts on long-term debt	**1,842**	740
Income taxes paid	**18,304**	42,533
Current income tax expense	**(26,553)**	(25,091)
Financial expense paid	**42,406**	16,430
Financial expense	**(32,549)**	(15,714)
Cash flow from operations	**153,264**	99,731

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

Free cash flow is calculated as follows:

Quarters ended November 30,	2013	2012(1)
(in thousands of dollars)	**$**	$
Cash flow from operations	**153,264**	99,731
Acquisition of property, plant and equipment	**(80,973)**	(78,192)
Acquisition of intangible and other assets	**(4,116)**	(4,641)
Free cash flow	**68,175**	16,898

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND OPERATING MARGIN

Operating income before depreciation and 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 depreciation and 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 available, before income taxes, to pay for its fixed costs, such as interest on Indebtedness. Operating margin is calculated by dividing operating income before depreciation and amortization by revenue.

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

Quarters ended November 30,	2013	2012(1)
(in thousands of dollars, except percentages)	**$**	$
Operating income	**95,520**	75,210
Depreciation and amortization	**115,754**	64,666
Integration, restructuring and acquisitions costs	**248**	7,300
Operating income before depreciation and amortization	**211,522**	147,176
Revenue	**474,980**	327,911
Operating margin	**44.5%**	44.9%

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

CAPITAL INTENSITY

Capital intensity is used by Cogeco Cable's management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue. Capital intensity ratio is defined as amount spent for acquisitions of property, plant and equipment, intangible and other assets divided by revenue.

Capital intensity is calculated as follows:

Quarters ended November 30,	2013	2012
(in thousands of dollars, except percentages)	**$**	$
Acquisition of property, plant and equipment	**80,973**	78,192
Acquisition of intangible and other assets	**4,116**	4,641
Total capital expenditures	**85,089**	82,833
Revenue	**474,980**	327,911
Capital intensity	**17.9%**	25.3%

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Quarters ended	November 30,		August 31,		May 31,		February, 28	February, 29
(in thousands of dollars, except percentages and per share data)	**2013**	2012 [(2)]	2013 [(2)]	2012	2013 [(2)]	2012	2013 [(2)]	2012
	$	$	$	$	$	$	$	$
Revenue	**474,980**	327,911	470,386	324,768	464,497	319,771	429,672	317,735
Operating income before depreciation and amortization	**211,522**	147,176	222,539	160,825	215,182	152,661	195,826	143,743
Operating margin	**44.5%**	44.9%	47.3%	49.5%	46.3%	47.7%	45.6%	45.2%
Operating income	**95,520**	75,210	103,731	94,709	101,636	90,981	95,862	59,491
Income taxes	**13,273**	17,383	11,159	32,987	18,411	21,449	15,821	13,617
Profit for the period from continuing operations	**49,698**	42,113	43,870	45,705	48,079	53,159	50,833	31,086
Profit for the period from discontinued operations	**—**	—	—	—	—	—	—	52,047
Profit for the period	**49,698**	42,113	43,870	45,705	48,079	53,159	50,833	83,133
Profit for the period attributable to owners of the Corporation	**49,698**	42,113	43,870	45,705	47,877	53,159	51,035	83,133
Cash flow from operating activities	**63,110**	(280)	228,230	203,343	166,976	112,275	150,084	120,961
Cash flow from operations	**153,264**	99,731	161,581	126,946	155,868	113,075	140,401	104,622
Acquisitions of property, plant and equipment, intangible and other assets	**85,089**	82,833	108,095	124,392	112,841	87,459	104,433	86,234
Free cash flow	**68,175**	16,898	53,486	2,554	43,027	25,616	35,968	18,388
Capital intensity	**17.9%**	25.3%	23.0%	38.3%	24.3%	27.4%	24.3%	27.1%
Earnings per share[(1)]								
From continuing and discontinued operations								
Basic	**1.02**	0.87	0.90	0.94	0.98	1.09	1.05	1.71
Diluted	**1.01**	0.86	0.89	0.93	0.98	1.09	1.04	1.70
From continuing operations								
Basic	**1.02**	0.87	0.90	0.94	0.98	1.09	1.05	0.64
Diluted	**1.01**	0.86	0.89	0.93	0.98	1.09	1.04	0.63
From discontinued operations								
Basic	**—**	—	—	—	—	—	—	1.07
Diluted	**—**	—	—	—	—	—	—	1.06

(1) Per multiple and subordinate voting share.

(2) These figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits.*

SEASONAL VARIATIONS

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations except as follows. In the Canadian and American cable services segment the number of customers in the Television service and HSI service are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco 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 in the Pennsylvania region, and to a lesser extent in South Carolina, Maryland/Delaware in the United States. In the American cable services segment, the Miami region is also subject to seasonal fluctuations due to the winter season residents returning home from late Spring through the Fall. Furthermore, the second, third and fourth quarter's operating margin is usually higher as very low or no management fees are paid to COGECO Inc. Under the Management Agreement, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. As the maximum amount is expected to be reached in the second quarter of fiscal 2014, Cogeco Cable does not expect to pay management fees in the second half of the year. Similarly, as the maximum amount was paid in the first six months of fiscal 2013, Cogeco Cable paid no management fees in the second half of the previous fiscal year.

ADDITIONAL INFORMATION

This MD&A was prepared on January 13, 2014. 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
January 13, 2014