



SHAREHOLDERS' REPORT

First Quarter Ended November 30, 2007

FINANCIAL HIGHLIGHTS

	Quarters ended November 30, (unaudited)		
	2007	2006	% Change
<i>(\$000s, except percentages and per share data)</i>			
Revenue	\$ 251,833	\$ 222,002	13.4
Operating income before amortization	98,337	83,662	17.5
Net income	20,363	12,535	62.4
Cash flow from operations ⁽¹⁾	79,753	62,060	28.5
Less:			
Capital expenditures and increase in deferred charges	58,144	74,383	(21.8)
Free cash flow ⁽¹⁾	21,609	(12,323)	-
Per share data			
Basic net income	\$ 0.42	\$ 0.31	35.5

⁽¹⁾ Cash flow from operations and free cash flow do not have standard definitions prescribed by Canadian generally accepted accounting principles (GAAP) and should be treated accordingly. For more details, please consult the "non-GAAP financial measures" section.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events, our business, our operations, our financial performance, our financial condition or our 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 our future operating results and economic performance and our 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 we believe are reasonable as of the current date. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and

uncertainties (described in “Uncertainties and main risk factors” of the Corporation’s 2007 annual MD&A that could cause actual results to differ materially from what we currently expect. 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 our control. Therefore, future events and results may vary significantly from what we currently foresee. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation (and expressly disclaim any such obligation) and do not undertake to update or alter this information before next quarter.

This analysis should be read in conjunction with the Corporation’s financial statements, and the notes thereto, prepared in accordance with Canadian GAAP and the MD&A included in the Corporation’s 2007 Annual Report. Throughout this discussion, all amounts are in Canadian dollars unless otherwise indicated.

CORPORATE STRATEGIES AND OBJECTIVES

Cogeco Cable’s objectives are to improve profitability and create shareholder value. The strategies for reaching those objectives are constant corporate growth through the diversification and the improvement of products and services as well as clientele and territories; the continuous improvement of networks and equipment; and tight cost control over business processes. The Corporation measures its performance, with regard to these objectives, by monitoring revenue growth, RGU¹ growth and free cash flow². Below are the recent achievements in furtherance of Cogeco Cable’s objectives.

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

Canadian operations

- Digital Television services:
 - September 4, launch of the Setanta International Sports Pak in Ontario, a new premium digital service;
 - October 2, launch of RDS HD in Québec, a speciality channel transmitting in High Definition (“HD”) various sports events, including all Montreal Canadians hockey games;
 - October 11, launch of Leafs TV HD, a Canadian digital specialty sports channel in HD transmitting all Toronto Maple Leafs hockey team games;
 - October 31, launch of Mpix On Demand in Ontario;
 - December 5, launch of the Motorola DCT3080, a new digital video recorder (DVR) model in Quebec.
- Telephony service:
 - September 25, new International calling service with a supplier of choice in Québec and Ontario;
- HSI services:
 - November 7, launch of Wi-Fi into Kingston and Windsor.

Portuguese operations

- Cabovisão - Televisão por Cabo, S.A. (Cabovisão) continued its Digital Television service deployment;
- New image and communication concept: *Cabovisão, infinite possibilities.*

¹ See the “Customer statistics” section for detailed explanations.

² See the “non-GAAP financial measures” section for explanations.

Continuous improvement of networks and equipment

- During the first quarter of 2008, the Corporation has invested approximately \$21.7 million in its infrastructure including headends and network upgrade / rebuild.

Tight control over costs, business processes

- On September 5th, a new management structure was implemented that will enable Canadian operations to develop better synergies and therefore have a positive impact on the way Cogeco Cable delivers its services.
- For the first quarter 2008, operating costs, excluding management fees, increased by 10.9%, compared to a revenue growth of 13.4% during this period;
- The design of internal controls over financial reporting as per National Instrument 52-109 is still underway. As discussed in the 2007 annual MD&A, the Corporation had identified certain material weaknesses in the design of internal controls over financial reporting and there have been improvements in the design of internal controls on some significant processes during the quarter. The documentation and remediation of internal controls weaknesses are progressing normally.

RGU growth

During the first quarter 2008, the consolidated number of RGUs increased by 3.3% to reach over 2.5 million units. The Corporation is expecting an annual RGU growth of approximately 10% and is maintaining its guidelines.

Revenue growth

During the first quarter 2008, revenue increased by \$29.8 million, or 13.4%, to reach \$251.8 million, mainly due to RGU growth and rate increases implemented in Canada in fiscal 2007. In its 2008 financial guidelines, the Corporation has anticipated a revenue growth of approximately 12% and is on the way to achieving its objectives.

Free cash flow

In the first quarter of fiscal 2008, Cogeco Cable generated free cash flow of \$21.6 million, compared to a negative free cash flow of \$12.3 million for the same period last year. This increase results from several factors: an increase in operating income before amortization, a decrease in capital expenditures and deferred charges and a reduction in financial expense. The Corporation reduced its capital expenditures compared to last year by \$16.5 million from \$67.2 million to \$50.7 million, mainly due to a \$12 million expenditure in the first quarter of fiscal 2007 for the purchase of home terminal devices for the Canadian operations to build an inventory to sustain last year RGU growth.

OPERATING RESULTS – CONSOLIDATED OVERVIEW

<i>(\$000s, except percentages)</i>	Quarters ended November 30, (unaudited)		%
	2007	2006	
Revenue	\$ 251,833	\$ 222,002	13.4
Operating costs	148,461	133,900	10.9
Management fees - COGECO Inc.	5,035	4,440	13.4

Operating income before amortization	98,337	83,662	17.5
Operating margin	39.0 %	37.7 %	

Revenue

In the first quarter of fiscal 2008, consolidated revenue grew by \$29.8 million, or 13.4%, to reach \$251.8 million. Canadian operations revenue, driven by an increased number of RGUs combined with rate increases, went up by \$28.3 million, or 16.9%, in the first quarter 2008. Portuguese operations revenue amounted to \$55.6 million, an increase of \$1.5 million, or 2.8% compared to the same period last year due to RGU growth and rate increases which was partly offset by the strength of the Canadian dollar against the euro.

Operating costs

In the first quarter of fiscal 2008, operating costs excluding management fees payable to COGECO Inc., increased by \$14.6 million, or 10.9%, to reach \$148.5 million. The increase in operating costs for the first quarter 2008 was mainly attributable to servicing additional RGUs in Canada, including the increased penetration of Telephony service, and in Portugal, to the timing of certain marketing initiatives, including a major campaign to increase brand awareness, to costs to better service additional RGUs and to costs related to the design of internal controls and review of business processes to comply with National Instrument 52-109.

Operating income before amortization

First quarter 2008 operating income before amortization increased by \$14.7 million, or 17.5%, to reach \$98.3 million, due to RGU growth and various rate increases outpacing operating cost increases. As a result, first quarter 2008 operating margin increased to 39% from 37.7%.

RELATED PARTY TRANSACTIONS

Cogeco Cable is a subsidiary of COGECO Inc., which holds 32.4% 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 upward adjustments based on increases in the Consumer Price Index in Canada. Accordingly, for fiscal 2008, management fees have been set at a maximum of \$8.7 million. Management fees for the first quarter of fiscal 2008 stood at \$5 million compared to \$4.4 million for the same period last year. Furthermore, Cogeco Cable granted 22,683 stock options to COGECO's employees during the first quarter 2008, compared to 318,735 for the same period last year. Of these 318,735 stock options granted in the first quarter of fiscal 2007, 262,400 were conditional on the achievement of certain yearly financial objectives by the Portuguese subsidiary over a period of three years. During the first quarter of fiscal 2008, Cogeco Cable charged COGECO Inc. an amount of \$0.1 million with regards to Cogeco Cable's options granted to COGECO's employees. Details regarding the management agreement and stock options granted to COGECO Inc.'s employees are provided in the MD&A of the Corporation's 2007 Annual Report. There were no other material related party transactions during the first quarter 2008.

FIXED CHARGES

(\$000s, except percentages)	Quarters ended November 30, (unaudited)		
	2007	2006	% Change
Amortization	\$ 52,687	\$ 44,309	18.9
Financial expense	16,912	21,221	(20.3)

First quarter 2008 amortization expense amounted to \$52.7 million, compared to \$44.3 million for the same period last year. The increase in amortization expense is mainly due to the completion in the fourth quarter of fiscal 2007 of the purchase price allocation of the Cabovisão acquisition, which includes the valuation of tangible and intangible assets for an additional amortization expense of approximately \$4.4 million and from additional capital expenditures arising from the required customer premise equipment to sustain RGU growth.

First quarter 2008 financial expense decreased by \$4.3 million, compared to the same period last year. The Corporation reduced its level of Indebtedness (defined as bank indebtedness and long-term debt) from the net proceeds of subordinate voting shares issued during fiscal 2007.

INCOME TAXES

First quarter 2008 income tax expense amounted to \$8.4 million compared to \$5.6 million for the same period last year. The increase is mainly due to higher operating income before amortization and lower financial expense that have outpaced the increase in amortization expense.

On October 16, 2007, the Canadian federal government announced in its Economic Statement reduction in corporate income tax rates. According to the new legislation, corporate income tax rates will be further reduced from 20.5% to 19.5% effective January 1, 2008, from 20% to 19% effective January 1, 2009, from 19% to 18% effective January 1, 2010, from 18.5% to 16.5% effective January 1, 2011, and to 15% effective January 1, 2012. These corporate income tax rates were considered substantively enacted on December 14, 2007. The reduction of these corporate income tax rates will reduce future income tax expense by approximately \$23 million in the second quarter of fiscal 2008.

NET INCOME

First quarter 2008 net income amounted to \$20.4 million, or \$0.42 per share, compared to \$12.5 million, or \$0.31 per share, for the same period last year. Net income progression has been essentially the result of the growth in operating income before amortization exceeding those of the fixed charges.

CASH FLOW AND LIQUIDITY

(\$000s)	Quarters ended November 30, (unaudited)	
	2007	2006
Operating Activities		
Cash flow from operations	\$ 79,753	\$ 62,060

Changes in non-cash operating items	(34,408)	(71,909)
	<u>\$ 45,345</u>	<u>\$ (9,849)</u>
Investing Activities ⁽¹⁾	<u>\$ (58,070)</u>	<u>\$ (74,070)</u>
Financing Activities ⁽¹⁾	<u>\$ (34,401)</u>	<u>\$ 29,695</u>
Net change in cash and cash equivalents	\$ (47,126)	\$ (54,224)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	(153)	1,616
Cash and cash equivalents at beginning	<u>64,208</u>	<u>71,516</u>
Cash and cash equivalents at end	<u>\$ 16,929</u>	<u>\$ 18,908</u>

⁽¹⁾ Excludes assets acquired under capital leases.

First quarter 2008 cash flow from operations reached \$79.8 million, 28.5% higher than for the comparable period last year, primarily due to the increase in operating income before amortization and to a reduction in financial expense. Changes in non-cash operating items generated lower cash outflows compared to the same period last year, mainly as a result of certain non-recurring payments executed by the Portuguese subsidiary in accordance with the terms of the acquisition in the first quarter of fiscal 2007.

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

(\$000s)	Quarters ended November 30, (unaudited)	
	<u>2007</u>	<u>2006</u>
Customer Premise Equipment ⁽¹⁾	\$ 23,796	\$ 39,417
Scalable Infrastructure	9,823	11,986
Line Extensions	2,589	2,551
Upgrade / Rebuild	11,862	10,856
Support Capital	2,657	2,361
Total Capital Expenditures ⁽²⁾	<u>\$ 50,727</u>	<u>\$ 67,171</u>
Deferred charges and other	<u>7,416</u>	<u>7,195</u>
Decrease (increase) in restricted cash	<u>-</u>	<u>(91)</u>
Total other investing activities	<u>\$ 58,143</u>	<u>\$ 74,275</u>

⁽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 flow.

First quarter 2008 capital expenditures decreased compared to the same period last year mainly due to lower RGU growth and to the timing of customer premise equipment acquired in the first quarter of fiscal 2007 to build an inventory for the Canadian operations. The Portuguese operations' capital expenditures increased compared to the same period last year as a result of the Digital Television deployment and the network extensions to serve additional homes passed.

First quarter 2008 deferred charges remained essentially the same and are mainly attributable to reconnect costs.

First quarter 2008 free cash flow amounted to \$21.6 million compared to a deficit of \$12.3 million for the same period of the preceding year. The first quarter free cash flow increase over the same period

last year is due to the following factors: a growth in operating income before amortization, a lower level of capital expenditures required to serve RGU growth and to support Telephony growth, a build-up of home terminal devices for an amount of \$12 million during the first quarter of fiscal 2007 and a reduction in financial expense.

During the first quarter of fiscal 2008, debt repayment amounted to \$32.6 million. This repayment came from the following factors: the generated free cash flow of \$21.6 million, the reduction of \$47.1 million in cash and cash equivalents partly used to offset the \$34.4 million reduction in changes in non-cash operating items and, the increase of \$3.1 million in capital stock from the exercise of stock options. These factors have been partly offset by a dividend payment of \$4.8 million described below. For the same period last year, the increase in long-term debt and bank indebtedness amounted to \$31.1 million due to a decrease of \$71.9 million in non-cash operating items explained by the repayment of certain suppliers subsequent to the Cabovisão acquisition and by the free cash flow deficit of \$12.3 million, partly offset by a \$54.2 million decrease in cash and cash equivalents. In addition, a dividend of \$0.10 per share for subordinate and multiple voting shares, totalling \$4.8 million, was paid during the first quarter of fiscal 2008 compared to a dividend of \$0.04 per share or \$1.6 million for the first quarter of fiscal 2007.

As at November 30, 2007, the Corporation had a working capital deficiency of \$378.7 million compared to \$120.7 million as at August 31, 2007. The greater deficiency is mainly attributable to the US\$150 million Senior Secured Notes Series A and the related derivative financial instruments due in October 2008. Cogeco Cable maintains a working capital deficiency due to a low level of accounts receivable since the majority of the Corporation's customers pay before their services are rendered, contrary to accounts payable and accrued liabilities, which are paid after products or services are rendered. In addition, the Corporation generally uses cash and cash equivalents to reduce Indebtedness.

As at November 30, 2007, the Corporation had used \$432.9 million of its \$900 million Term Facility.

FINANCIAL POSITION

Since August 31, 2007, there have been major changes to "Fixed assets", "Cash and cash equivalents", "Accounts payable and accrued liabilities", "Derivative financial instruments and "Indebtedness".

The \$10.6 million rise in fixed assets is mainly related to increased capital expenditures to sustain RGU growth and by the appreciation of the euro currency over the Canadian dollar. The \$47.3 million and \$37.8 million reductions in cash and cash equivalents and accounts payable and accrued liabilities respectively, are related to suppliers' payments. Finally, derivative financial instruments have increased by \$91.3 million and Indebtedness has decreased by \$117.6 million as a result of accounting changes and factors previously discussed in the "Cash Flow and Liquidity" section. Please consult "Accounting policies and estimates" section for further details.

A description of Cogeco Cable's share data as of December 31, 2007 is presented in the table below:

	Number of shares/options	Amount (\$ 000s)
Common Shares		
Multiple voting shares	15,691,100	98,346
Subordinate voting shares	32,809,659	890,125
Options to Purchase Subordinate Voting Shares		
Outstanding options	851,949	
Exercisable options	348,804	

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, discussed in the 2007 annual MD&A, have not materially changed since August 31, 2007, except that on January 8, 2008, the Corporation and the Solidarity Fund QFL entered into an agreement to issue senior unsecured debenture with par value of \$100 million by way of private placement, subject to usual market conditions. The debenture which must be issued by no later than May 9, 2008, will bear interest at a fixed rate determined at the then prevailing rate of the ten-year Government of Canada bond plus a spread of 220 basis points, and will mature ten years after issuance. The debenture will be callable under certain conditions.

DIVIDEND DECLARATION

At its January 9, 2008 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of \$0.10 per share for subordinate and multiple voting shares, payable on February 6, 2008, to shareholders of record on January 23, 2008.

FOREIGN EXCHANGE MANAGEMENT

Cogeco Cable has entered into cross-currency swap agreements to set the liability for interest and principal payments on its US\$150 million Senior Secured Notes. These agreements have the effect of converting the U.S. interest coupon rate of 6.83% per annum to an average Canadian dollar fixed interest rate of 7.254% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at CAN\$1.5910. Amounts due under the US\$150 million Senior Secured Notes Series A decreased by CAN\$8.4 million at the end of the first quarter compared to August 31, 2007 due to the Canadian dollar's appreciation. The fair value of cross-currency swaps increased by \$7.8 million of which \$8.4 million offset the foreign exchange gain on the \$US debt. The difference of \$0.6 million was recorded as a reduction of comprehensive income.

As noted in the MD&A of the 2007 Annual Report, the Corporation's investment in the Portuguese 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 net investments in self-sustaining foreign subsidiaries and, accordingly, the Corporation realized a foreign exchange gain of CAN\$4 million in the first quarter 2008, which is presented in other comprehensive income. The exchange rate used to convert the euro currency into Canadian dollars for the balance sheet accounts as at November 30, 2007 was \$1.4630 per euro compared to \$1.4390 per euro as at August 31, 2007. The average exchange rate prevailing during the first quarter 2008 used to convert the operating results of the Portuguese operations was \$1.4119 per euro compared to \$1.4363 per euro for the same period last year.

CANADIAN OPERATIONS

CUSTOMER STATISTICS

	November 30, 2007	Net additions Quarters ended November 30,		% of Penetration ⁽¹⁾⁽⁴⁾	
		2007	2006	2007	2006
RGUs ⁽²⁾	1,861,334	72,826	93,015		
Basic Cable service customers	857,221	8,064	16,240		

HSI service customers ⁽³⁾	441,130	25,294	28,935	54.8	47.0
Digital Television service customers	396,132	16,253	21,224	47.3	42.0
Telephony service customers	166,851	23,215	26,616	24.9	12.9

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

(2) Represent the sum of Basic Cable, HSI, Digital Television and Telephony service customers.

(3) Customers subscribing only to HSI or Telephony totalled 83,267 as at November 30, 2007 compared to 61,336 as at November 30, 2006.

(4) An audit of homes passed in Ontario was completed during the first quarter of fiscal 2007 and, as a result, the number of homes passed was reduced by 42,386.

In the first quarter of 2008, RGUs' net additions were lower than for the same period last year and reflect early sign of maturation in most services. The number of net additions in Basic Cable stood at 8,064 customers compared to a growth of 16,240 customers for the same period last year due to the expiration of certain promotional offers. Telephony customers grew by 23,215 to reach 166,851 compared to a growth of 26,616 for the same period last year. This growth is mostly attributable to the launch of the service in new markets and increased penetration in areas where the service is already offered. Coverage of homes passed has now reached 78% compared to 72% last year.

The number of net additions to HSI service stood at 25,294 customers compared to 28,935 customers for the same period last year. During the first quarter 2008, the HSI customer net additions is mostly due to the enhancement of the product offering, the impact of the bundled offer of Television, HSI and Telephony services (*Cogeco Complete Connection*), and promotional activities.

The net additions of Digital Television service stood at 16,253 customers compared to 21,224 customers for the same period last year. The decrease in net additions this quarter compared to the same quarter last year reflects greater maturity of the digital TV segment following a period of robust growth, especially in fiscal 2006. Since then, the Corporation also adjusted the service offering and price gap differential between Analogue Television services and Digital Television, which has also contributed to a moderation of the strong growth experienced in the past years. Nevertheless, customers continue to demonstrate strong interest in HD technology.

OPERATING RESULTS

(\$000s, except percentages)	Quarters ended November 30, (unaudited)		
	2007	2006	% Change
Revenue	\$ 196,241	\$ 167,931	16.9
Operating costs	110,425	98,160	12.5
Management fees - COGECO Inc.	5,035	4,440	13.4
Operating income before amortization	80,781	65,331	23.6
Operating margin	41.2 %	38.9 %	

Revenue

First quarter 2008 revenue grew by \$28.3 million to reach \$196.2 million, an increase of 16.9% compared to the same period last year. This growth is explained mainly by an increase in the number of Basic Cable, HSI, Telephony and Digital Television service customers as mentioned in the "Customer Statistics" section, combined with the following rate increases implemented in the second half of fiscal 2007: a monthly rate increase of \$3 per Digital Television customer effective in March 2007 in Ontario and in April 2007 in Québec and a rate increase of \$1.50 per Analogue Value Pak

customer effective in April 2007 in Ontario. These rate increases represent approximately \$1.25 per Basic Cable service customer.

Operating costs

First quarter 2008 operating costs, excluding management fees payable to COGECO Inc., increased by \$12.3 million to reach \$110.4 million, an increase of 12.5% compared to the same period last year. The increase in operating costs is mainly attributable to the increased penetration of Telephony service and to servicing additional RGUs.

Operating income before amortization

First quarter 2008 operating income before amortization rose from \$65.3 million to \$80.8 million, representing an increase of 23.6%, compared to the same period last year. The rise in operating income before amortization is the result of increased revenue outpacing the rise in operating costs. In addition, Cogeco Cable's operating margin for the Canadian operations increased from 38.9% to 41.2% in the first quarter of fiscal 2008 due to new rate increases implemented during the second half of fiscal 2007.

PORTUGUESE OPERATIONS

CUSTOMER STATISTICS

	November 30, 2007	Net additions Quarters ended November 30,		% of Penetration ⁽¹⁾ November 30,	
		2007	2006	2007	2006
		RGUs ⁽²⁾	707,355	10,198	21,264
Basic Cable service customers	298,936	4,933	7,253		
HSI service customers	163,829	3,806	8,077	54.8	52.1
Telephony service customers	244,590	1,459	5,934	81.8	82.7

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

(2) Represent the sum of Basic Cable, HSI and Telephony service customers.

The first quarter 2008 was driven by fierce price competition in the Portuguese market and as a result all services generated lower customer growth compared to the same period last year. Basic Cable service grew by 4,933 customers compared to 7,253 customers, HSI service customers increased by 3,806 compared to 8,077 in 2007 and Telephony service grew by 1,459 customers compared to 5,934 customers for the same period of the preceding year. RGU's grew at a slower pace since competition offered deep discounts to attract customers during the first half of the quarter. Cabovisão did not match the competition high discounting offering. However, since then, pricing has become more rational. The performance of Cabovisão since its acquisition by Cogeco Cable has been well above management's original expectations and growth prospects for the future remain excellent.

OPERATING RESULTS

<i>(\$000s, except percentages)</i>	Quarters ended November 30, (unaudited)		
	2007	2006	% Change
Revenue	\$ 55,592	\$ 54,071	2.8

Operating costs	38,036	35,740	6.4
Operating income before amortization	17,556	18,331	(4.2)
Operating margin	31.6 %	33.9 %	

Revenue

First quarter 2008 revenue reached \$55.6 million, an increase of \$1.5 million, or 2.8% compared to the same period last year. This increase is mainly due to the growth of Basic Cable, HSI and Telephony service customers together with a monthly rate increase of \$1 (€0.65) per Basic Cable service customer effective in March 2007. First quarter 2008 average exchange rates to convert the operating results was \$1.4119 per euro compared to \$1.4363 per euro for the same period last year, thus adversely impacting revenue growth year over year.

Operating costs

First quarter 2008 operating costs increased by \$2.3 million to reach \$38 million, an increase of 6.4% compared to last year. The increase in operating costs is mainly attributable to servicing additional RGUs, to timing of certain marketing initiatives, including a major campaign to increase brand awareness, and to costs related to the design of internal controls and review of business processes to comply with National Instrument 52-109.

Operating income before amortization

For the first quarter of 2008, operating income before amortization decreased from \$18.3 million to \$17.6 million, or 4.2%, compared to the same period last year. The decrease in operating income before amortization is the result of increased operating costs outpacing the rise in revenue and foreign exchange rate fluctuation.

FISCAL 2008 FINANCIAL GUIDELINES

The Corporation is maintaining its consolidated guidelines for the 2008 fiscal year, except for the reduction of income tax rates announced by the Canadian federal government on October 16, 2007 that will have a favourable impact of approximately \$23 million on net income in the second quarter of fiscal 2008.

Consolidated	Projections Fiscal 2008
(in millions of \$, except customer data)	
<i>Financial Guidelines</i>	
Revenue	1,050
Operating income before amortization	425
Operating margin	40% to 41%
Financial expense	72
Amortization	215
Net income	118
Capital expenditures and deferred charges	260
Free cash flow	65
<i>Customer Addition Guidelines</i>	
Basic Cable service	30,000
HSI services	75,000
Digital Television service	54,000
Telephony service	100,000
RGUs	259,000

UNCERTAINTIES AND MAIN RISK FACTORS

There has been no significant change in the risk factors and uncertainties facing Cogeco Cable as described in the Corporation's MD&A of the 2007 annual report, except for the Part II Licence Fees payable to the Canadian Radio-television and Telecommunications Commission (CRTC). On December 14, 2006, the Federal Court of Canada ruled that the Part II Licence Fees payable to the CRTC are an unlawful tax. Both the Plaintiffs (the members of the Canadian Association of Broadcasters, Videotron Ltee and CF Cable TV Inc.) and the Defendant (the Crown) have appealed this decision to the Federal Court of Appeal. The Defendant is seeking to reverse the Court decision that Part II Licence Fees are unlawful and the Plaintiffs are seeking a Court order requiring a refund of past fees paid. The Appeal hearing was held on December 4th and 5th in Ottawa. During the hearing, questions were raised by the hearing panel concerning the appropriateness of considering Part II Licence Fees as a tax rather than a fee under the relevant portion of the Broadcasting Act. The decision of the Federal Court of Appeal is not expected before several months. The Corporation believes that there is a reasonable likelihood that the Federal Court's decision will be reversed. Cogeco Cable has accrued \$7.8 million with respect to these fees for fiscal year 2007 and the first quarter of fiscal 2008. In the unlikely event that the Federal Court of Appeal or the Supreme Court of Canada, should this case be appealed to that level, maintains the decision from the Federal Court, this would have a beneficial impact on the future financial results of the Corporation.

ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies and estimates and future accounting pronouncements since August 31, 2007, except as described below. A description of the Corporation's policies and estimates can be found in the 2007 annual MD&A.

Financial instruments

Effective September 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges.

Statement of Comprehensive Income

A new statement entitled consolidated statements of comprehensive income was added to the Corporation's consolidated financial statements and includes net income as well as other comprehensive income. Other comprehensive income represents changes in shareholders' equity arising from transactions and events from non-owner sources, such as changes in foreign currency translation adjustments of net investments in self-sustaining foreign subsidiaries and long-term debt designated as hedge of net investments in self-sustaining foreign subsidiaries and changes in the fair value of effective cash flow hedging instruments.

Recognition and Measurement of Financial Instruments

Under these new standards, all financial assets, including derivatives, must be classified as available for sale, held for trading, held to maturity, or loans and receivables. All financial liabilities, including derivatives, must be classified as held for trading or other liabilities. All financial instruments classified as available for sale or held for trading are recognized at fair value on the consolidated balance sheet while financial instruments classified as loans and receivables or other liabilities will continue to be measured at amortized cost using the effective interest rate method. The standards allow the Corporation to designate certain financial instruments, on initial recognition, as held for trading.

All of the Corporation's financial assets are classified as held for trading or loans and receivables. The Corporation has classified its cash and cash equivalents as held for trading. Accounts receivable have been classified as loans and receivables. All of the Corporation financial liabilities were classified as other liabilities, except for the cross-currency swaps which were classified as held for trading. Held for trading assets and liabilities are carried at fair value on the balance sheet, with changes in fair value recorded in the consolidated statements of income, except for the changes in fair value of the cross-currency swaps which are designated as cash flow hedges of the Senior Secured Notes Series A and are recorded in other comprehensive income. Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest method. Upon adoption, the Corporation determined that none of its financial assets are classified as available for sale or held to maturity. Except for the treatment of transaction costs and derivative financial instruments mentioned below, the provisions of the new accounting standards had no impact on the consolidated financial statement on September 1, 2007 and November 30, 2007.

Transaction costs

Effective September 1, 2007, transaction costs are capitalized on initial recognition and presented as a reduction of the related financing, except for transaction costs on the revolving loan and the swingline line facility which are presented as deferred charges. These costs are amortized over the term of the related financing using the effective interest rate method, except for transaction costs on the revolving loan and the swingline facility which are amortized over the term of the related financing on a straight-line basis. Previously, all transaction costs were capitalized and amortized on a straight-line basis over the term of the related financing, over a period not exceeding five years. The impact of these adjustments reduced deferred charges by \$1.2 million, reduced long-term debt by \$3.1 million, increased future income tax liabilities by \$0.6 million and increased retained earnings by \$1.3 million.

Cash flow hedge

All derivatives are measured at fair value with changes in fair value recorded in the consolidated statements of income unless they are effective cash flow hedging instruments. The changes in fair value of cash flow hedging derivatives are recorded in other comprehensive income, to the extent effective, until the variability of cash flows relating to the hedged asset or liability is recognized in the consolidated statements of income. Any hedge ineffectiveness is recognized in the consolidated statements of income immediately. Accordingly, the Corporation's cross-currency swaps must be measured at fair value in the consolidated financial statements. Since these cross-currency swaps are used to hedge cash flows on Senior Secured Notes Series A denominated in U.S. dollars, the changes in fair value are recorded in other comprehensive income. The impact of measuring the cross-currency swaps at fair value on the interim consolidated financial statements on September 1, 2007, increased derivative financial instrument liabilities by \$83.5 million, decreased deferred credit presented in long-term debt by \$80.2 million, decreased future income tax liabilities by \$1.1 million and decreased opening accumulated other comprehensive income by \$2.2 million. The impact of measuring the cross-currency swaps at fair value on the interim consolidated financial statements for the three month period ended November 30, 2007 increased derivative financial instruments liabilities by \$7.8 million, increased future income tax liabilities by \$0.2 million and increased accumulated other comprehensive income by \$0.4 million.

Net investment hedge

Financial statements of self-sustaining foreign subsidiaries are translated using the rate in effect at the balance sheet date for asset and liability items, and using the average exchange rates during the period for revenue and expenses. Adjustments arising from this translation are deferred and recorded as foreign currency translation adjustment in accumulated other comprehensive income and are included in income only when a reduction in the investment in these foreign subsidiaries is realized. Unrealized foreign exchange gains and losses on long-term debt denominated in foreign currency, that is designated as a hedge of net investments in self-sustaining foreign subsidiaries are recorded as foreign currency translation adjustment in accumulated other comprehensive income, net of income taxes. As a result, an amount of \$3.1 million was reclassified as at August 31, 2007 from the foreign currency translation adjustment to the accumulated other comprehensive income and the Corporation's comparative financial statements were restated in accordance with transitional provisions.

Embedded derivatives

All embedded derivatives that are not closely related to the host contracts, are measured at fair value, with changes in fair value recorded in the consolidated statements of income. On September 1, 2007, and at November 30, 2007, there are no significant embedded derivatives or non-financial derivatives that require separate fair value recognition on the consolidated balance sheet. In accordance with the new standards, the Corporation selected September 1, 2002, as its transition date for adopting the standard related to embedded derivatives.

Upcoming standards

In 2006, the CICA issued Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These Sections are to be applied to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Corporation is currently evaluating the impact of these new standards.

Accounting changes

In July 2006, the CICA issued Section 1506, Accounting Changes, which modifies certain aspects of the previous standard. A reporting entity may not change its accounting method unless required by

primary source of GAAP or to provide a more reliable and relevant presentation of the financial statements. In addition, changes in accounting methods must be applied retroactively and additional information must be disclosed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2007. During the first quarter, the Corporation adopted this new standard and concluded that it had no significant impact on these consolidated financial statements.

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 may not be comparable with similar measures presented by other companies. These measures include “cash flow from operations” and “free cash flow”.

Cash flow from operations

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 items. This allows the Corporation to isolate the cash flow 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”. Cash flow from operations is calculated as follows:

	Quarters ended November 30, (unaudited)	
	2007	2006
<i>(\$ 000)</i>		
Cash flow from operating activities	\$ 45,345	\$ (9,849)
Changes in non-cash operating items	34,408	71,909
Cash flow from operations	<u>\$ 79,753</u>	<u>\$ 62,060</u>

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. Free cash flow is calculated as follows:

	Quarters ended November 30, (unaudited)	
	2007	2006
<i>(\$ 000)</i>		
Cash flow from operations	\$ 79,753	\$ 62,060
Acquisition of fixed assets	(50,654)	(66,966)
Increase in deferred charges	(7,417)	(7,212)
Assets acquired under capital leases – as per Note 11 b)	(73)	(205)
Free cash flow	<u>\$ 21,609</u>	<u>\$ (12,323)</u>

ADDITIONAL INFORMATION

This MD&A was prepared on January 9, 2008. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR web site at www.sedar.com.

ABOUT COGECO CABLE

Cogeco Cable (www.cogeco.ca), a telecommunications company offering a diverse range of services to its customers in Canada and in Portugal, is the second largest cable operator in Ontario, Québec and Portugal, in terms of the number of Basic Cable service customers served. Through its two-way broadband cable networks, Cogeco Cable provides its residential and commercial customers with Analogue and Digital Television, High Speed Internet and Telephony services. The Corporation provides approximately 2,569,000 revenue-generating units (RGUs) to 2,365,000 homes passed in its Canadian and Portuguese service territories. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

/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 9, 2008

Supplementary Quarterly Financial Information
(unaudited)

Quarters ended	November 30,		August 31,		May 31,		February 28,		
	2007 ⁽¹⁾	2006 ⁽¹⁾	2007 ⁽¹⁾	2006 ⁽¹⁾	2007 ⁽¹⁾	2006	2007 ⁽¹⁾	2006	
<i>(\$000, except percentages and per share data)</i>									
Revenue	\$ 251,833	\$ 222,002	\$ 244,314	\$ 174,875	\$ 240,612	\$ 153,956	\$ 231,952	\$ 147,757	
Operating income before amortization	98,337	83,662	102,426	72,864	97,874	63,244	86,791	59,568	
<i>Operating margin</i>	<i>39.0</i>	<i>% 37.7</i>	<i>% 41.9</i>	<i>% 41.7</i>	<i>% 40.7</i>	<i>% 41.1</i>	<i>% 37.4</i>	<i>% 40.3</i>	<i>%</i>
Amortization	52,687	44,309	54,164	34,801	47,278	29,048	43,572	28,656	
Financial expense	16,912	21,221	18,524	16,374	21,273	13,634	23,551	13,776	
Income taxes (recovery)	8,375	5,597	(6,630)	(12,298)	8,942	8,191	4,261	6,936	
Net income	20,363	12,535	36,368	33,987	20,381	12,371	15,407	10,200	
Cash flow from operations	79,753	62,060	83,825	56,714	76,416	49,696	62,264	44,940	
Net income per share	\$ 0.42	\$ 0.31	\$ 0.79	\$ 0.85	\$ 0.45	\$ 0.31	\$ 0.37	\$ 0.26	

⁽¹⁾ Include operating results of the cable subsidiary, Cabovisão, since the date of acquisition of control on August 1, 2006

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. 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.
Customer Statistics

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	November 30, 2007	August 31, 2007
Homes Passed		
Ontario ⁽¹⁾	1,002,971	997,498
Québec	491,788	486,592
Canada	<u>1,494,759</u>	<u>1,484,090</u>
Portugal	<u>869,940</u>	<u>859,376</u>
Total	<u><u>2,364,699</u></u>	<u><u>2,343,466</u></u>
Revenue Generating Units		
Ontario	1,306,163	1,256,244
Québec	555,171	532,264
Canada	<u>1,861,334</u>	<u>1,788,508</u>
Portugal	<u>707,355</u>	<u>697,157</u>
Total	<u><u>2,568,689</u></u>	<u><u>2,485,665</u></u>
Basic Cable Service Customers		
Ontario	599,733	594,889
Québec	257,488	254,268
Canada	<u>857,221</u>	<u>849,157</u>
Portugal	<u>298,936</u>	<u>294,003</u>
Total	<u><u>1,156,157</u></u>	<u><u>1,143,160</u></u>
Discretionary Service Customers		
Ontario	484,611	468,764
Québec	208,976	204,585
Canada	<u>693,587</u>	<u>673,349</u>
Portugal	<u>-</u>	<u>-</u>
Total	<u><u>693,587</u></u>	<u><u>673,349</u></u>
Pay TV Service Customers		
Ontario	92,036	88,835
Québec	44,355	42,180
Canada	<u>136,391</u>	<u>131,015</u>
Portugal	<u>55,867</u>	<u>54,723</u>
Total	<u><u>192,258</u></u>	<u><u>185,738</u></u>
High Speed Internet Service Customers		
Ontario	335,152	316,363
Québec	105,978	99,473
Canada	<u>441,130</u>	<u>415,836</u>
Portugal	<u>163,829</u>	<u>160,023</u>
Total	<u><u>604,959</u></u>	<u><u>575,859</u></u>
Digital Television Service Customers		
Ontario	255,919	246,267
Québec	140,213	133,612
Canada	<u>396,132</u>	<u>379,879</u>
Portugal	<u>-</u>	<u>-</u>
Total	<u><u>396,132</u></u>	<u><u>379,879</u></u>
Telephony Service Customers		
Ontario	115,359	98,725
Québec	51,492	44,911
Canada	<u>166,851</u>	<u>143,636</u>
Portugal	<u>244,590</u>	<u>243,131</u>
Total	<u><u>411,441</u></u>	<u><u>386,767</u></u>

(1) An audit of homes passed in Ontario was completed during the first quarter of fiscal 2007 and, as a result, the number of homes passed was reduced by 42,386

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF INCOME

<i>(In thousands of dollars, except per share data)</i>	Three months ended November 30,	
	2007	2006
	(unaudited)	(unaudited)
Revenue		
Service	\$ 250,406	\$ 221,114
Equipment	1,427	888
	251,833	222,002
Operating costs	148,461	133,900
Management fees – COGECO Inc.	5,035	4,440
Operating income before amortization	98,337	83,662
Amortization (note 3)	52,687	44,309
Operating income	45,650	39,353
Financial expense (note 4)	16,912	21,221
Income before income taxes	28,738	18,132
Income taxes (note 5)	8,375	5,597
Net income	\$ 20,363	\$ 12,535
Earnings per share (note 6)		
Basic	\$ 0.42	\$ 0.31
Diluted	0.42	0.31

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(In thousands of dollars)</i>	Three months ended November 30,	
	2007	2006
	(unaudited)	(unaudited)
Net income	\$ 20,363	\$ 12,535
Other comprehensive income		
Unrealized gains and losses on derivative financial instruments designated as cash flow hedges, net of income taxes of \$1,143,000	(6,653)	-
Reclassification of realized gains and losses to net income on derivative financial instruments designated as cash flow hedges, net of income taxes of \$1,345,000	7,085	-
Unrealized gain on translation of net investments in self-sustaining foreign subsidiaries	10,340	42,170
Unrealized loss on translation of long-term debt designated as hedge of net investments in self-sustaining foreign subsidiaries (net of income taxes of \$1,703,000 in 2006)	(6,376)	(30,358)
	4,396	11,812
Comprehensive income	\$ 24,759	\$ 24,347

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(In thousands of dollars)</i>	Three months ended November 30,	
	2007	2006
	(unaudited)	(unaudited)
Balance at beginning, as reported	\$ 181,952	\$ 117,760
Changes in accounting policy (note 1)	1,307	–
Balance at beginning, as restated	183,259	117,760
Net income	20,363	12,535
Dividends on multiple voting shares	(1,569)	(628)
Dividends on subordinate voting shares	(3,272)	(972)
Balance at end	\$ 198,781	\$ 128,695

COGECO CABLE INC.
CONSOLIDATED BALANCE SHEETS

<i>(In thousands of dollars)</i>	November 30, 2007	August 31, 2007
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	\$ 16,929	\$ 64,208
Accounts receivable	47,634	46,945
Income tax receivable	1,020	1,112
Prepaid expenses	6,283	7,606
Future income tax assets	14,157	17,986
	86,023	137,857
Income tax receivable	1,368	1,345
Fixed assets	1,130,081	1,119,498
Deferred charges	55,087	54,645
Intangible assets (note 7)	1,057,027	1,058,410
Goodwill (note 7)	348,298	342,584
	\$ 2,677,884	\$ 2,714,339
Liabilities and Shareholders' equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 172,722	\$ 210,496
Income tax liabilities	3,540	953
Deferred and prepaid income	30,370	29,837
Derivative financial instruments	91,294	-
Current portion of long-term debt (note 8)	166,821	17,292
	464,747	258,578
Long-term debt (note 8)	743,480	1,010,634
Deferred and prepaid income	11,939	11,501
Pension plans liabilities	2,135	1,918
Future income tax liabilities	267,547	266,042
	1,489,848	1,548,673
Shareholders' equity		
Capital stock (note 9)	988,250	984,405
Contributed surplus – stock-based compensation	1,950	2,419
Retained earnings	198,781	181,952
Accumulated other comprehensive income (loss) (note 10)	(945)	(3,110)
	1,188,036	1,165,666
	\$ 2,677,884	\$ 2,714,339

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended November 30,	
<i>(In thousands of dollars)</i>	2007	2006
	(unaudited)	(unaudited)
Cash flow from operating activities		
Net income	\$ 20,363	\$ 12,535
Adjustments for:		
Amortization (note 3)	52,687	44,309
Amortization of deferred financing costs	722	646
Future income taxes (note 5)	5,186	3,911
Stock-based compensation	236	365
Loss (gain) on disposal of fixed assets	342	(17)
Other	217	311
	79,753	62,060
Changes in non-cash operating items (note 11a)	(34,408)	(71,909)
	45,345	(9,849)
Cash flow from investing activities		
Acquisition of fixed assets (note 11b))	(50,654)	(66,966)
Increase in deferred charges	(7,417)	(7,212)
Decrease in restricted cash	-	91
Other	1	17
	(58,070)	(74,070)
Cash flow from financing activities		
Increase in bank indebtedness	-	29,322
Increase in long-term debt	-	10,000
Repayment of long-term debt	(32,616)	(8,255)
Issue of subordinate voting shares	3,056	228
Dividends on multiple voting shares	(1,569)	(628)
Dividends on subordinate voting shares	(3,272)	(972)
	(34,401)	29,695
Net change in cash and cash equivalents	(47,126)	(54,224)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	(153)	1,616
Cash and cash equivalents at beginning	64,208	71,516
Cash and cash equivalents at end	\$ 16,929	\$ 18,908

See supplemental cash flow information in note 11.

COGECO CABLE INC.

Notes to Consolidated Financial Statements

November 30, 2007

(amounts in tables are in thousands of dollars, except 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"), contain all adjustments necessary to present fairly the financial position of Cogeco Cable Inc. as at November 30, 2007 and August 31, 2007 as well as its results of operations and its cash flow for the three month periods ended November 30, 2007 and 2006.

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, 2007. These unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for the adoption of new accounting policy on financial instruments described below.

Financial instruments

Effective September 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, *Comprehensive Income*, Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation* and Section 3865, *Hedges*.

Statement of Comprehensive Income

A new statement entitled consolidated statements of comprehensive income was added to the Corporation's consolidated financial statements and includes net income as well as other comprehensive income. Other comprehensive income represents changes in shareholders' equity arising from transactions and events from non-owner sources, such as changes in foreign currency translation adjustments of net investments in self-sustaining foreign subsidiaries and long-term debt designated as hedge of net investments in self-sustaining foreign subsidiaries and changes in the fair value of effective cash flow hedging instruments.

Recognition and Measurement of Financial Instruments

Under these new standards, all financial assets, including derivatives, must be classified as available for sale, held for trading, held to maturity, or loans and receivables. All financial liabilities, including derivatives, must be classified as held for trading or other liabilities. All financial instruments classified as available for sale or held for trading are recognized at fair value on the consolidated balance sheet while financial instruments classified as loans and receivables or other liabilities will continue to be measured at amortized cost using the effective interest rate method. The standards allow the Corporation to designate certain financial instruments, on initial recognition, as held for trading.

All of the Corporation's financial assets are classified as held for trading or loans and receivables. The Corporation has classified its cash and cash equivalents as held for trading. Accounts receivable have been classified as loans and receivables. All of the Corporation financial liabilities were classified as other liabilities, except for the cross-currency swaps which were classified as held for trading. Held for trading assets and liabilities are carried at fair value on the balance sheet, with changes in fair value recorded in the consolidated statements of income, except for the changes in fair value of the cross-currency swaps which are designated as cash flow hedges of the Senior Secured Notes Series A and are recorded in other comprehensive income. Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest method. Upon adoption, the Corporation determined that none of its financial assets are classified as available for sale or held to maturity. Except for the treatment of transaction costs and derivative financial instruments mentioned below, the provisions of the new accounting standards had no impact on the consolidated financial statement on September 1, 2007 and November 30, 2007.

