



SHAREHOLDERS' REPORT

Three and nine-month periods ended May 31, 2015

FINANCIAL HIGHLIGHTS

(in thousands of dollars, except percentages and per share data)	Three months ended May 31,			Nine months ended May 31,		
	2015	2014	Change	2015	2014	Change
	\$	\$	%	\$	\$	%
Operations						
Revenue	516,426	496,448	4.0	1,522,897	1,457,436	4.5
Adjusted EBITDA ⁽¹⁾	239,763	229,389	4.5	689,887	662,527	4.1
Operating margin ⁽¹⁾	46.4%	46.2%	—	45.3%	45.5%	—
Impairment of property, plant and equipment	—	32,197	(100.0)	—	32,197	(100.0)
Profit for the period	64,149	35,514	80.6	179,764	145,593	23.5
Cash Flow						
Cash flow from operating activities	197,279	184,435	7.0	417,596	429,173	(2.7)
Cash flow from operations ⁽¹⁾	179,563	175,595	2.3	523,194	502,872	4.0
Acquisitions of property, plant and equipment, intangible and other assets	103,718	84,452	22.8	309,274	250,347	23.5
Free cash flow ⁽¹⁾	75,845	91,143	(16.8)	213,920	252,525	(15.3)
Financial Condition⁽²⁾						
Property, plant and equipment				1,883,871	1,830,971	2.9
Total assets				5,462,456	5,173,741	5.6
Indebtedness ⁽³⁾				2,924,245	2,744,746	6.5
Shareholders' equity				1,677,807	1,508,256	11.2
Capital intensity⁽¹⁾						
	20.1%	17.0%	—	20.3%	17.2%	—
Per Share Data⁽⁴⁾						
Earnings per share						
Basic	1.31	0.73	79.5	3.68	2.99	23.1
Diluted	1.30	0.72	80.6	3.64	2.96	23.0

(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 Discussion and Analysis ("MD&A").

(2) At May 31, 2015 and August 31, 2014.

(3) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt and derivative financial instruments.

(4) Per multiple and subordinate voting share.



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

Three and nine-month periods ended May 31, 2015

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 the Corporation's 2014 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 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 and nine-month periods ended May 31, 2015, prepared in accordance with the International Financial Reporting Standards ("IFRS") and the MD&A included in the Corporation's 2014 Annual Report.

CORPORATE OBJECTIVES AND STRATEGIES

Cogeco Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to increase profitability and create shareholder value. To achieve these objectives, the Corporation has developed strategies that focus on expanding its service offerings 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. In addition to sustain the organic growth, the Corporation continues to seek growth opportunities by acquisition. The Corporation measures its performance, with regard to these objectives by monitoring adjusted EBITDA⁽¹⁾, operating margin⁽¹⁾, free cash flow⁽¹⁾ and capital intensity⁽¹⁾.

KEY PERFORMANCE INDICATORS

ADJUSTED EBITDA AND OPERATING MARGIN

For the nine-month period ended May 31, 2015, adjusted EBITDA increased by 4.1% to reach \$689.9 million compared to the same period of fiscal 2014 and operating margin slightly decreased to 45.3% from 45.5%. Progression in the adjusted EBITDA is mainly attributable to the improvement of all the operating segments combined with favorable foreign exchange rates benefiting our foreign operations compared to the same period of last year. Cogeco Cable's operating margin slightly decreased essentially due to the higher proportion of the American cable services segment which generates lower operating margin, partly offset by the improvement in the Canadian cable services and the Enterprise data services segments.

FREE CASH FLOW

For the nine-month period ended May 31, 2015, Cogeco Cable reported free cash flow of \$213.9 million, a decrease of \$38.6 million compared to \$252.5 million for the same period of the previous fiscal year. The decrease is mostly attributable to the increases in acquisitions of property, plant and equipment and in financial expense, partly offset by the improvement of adjusted EBITDA. In addition, as a result of the restructuring of its Enterprise data services segment and the associated costs, the Corporation revised its free cash flow projections from \$290 million to \$275 million. For further details, please consult the fiscal 2015 revised projections in the "Fiscal 2015 revised financial guidelines" section.

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

During the nine-month period ended May 31, 2015, the acquisitions of property, plant and equipment, intangible and other assets amounted to \$309.3 million and revenue to over \$1.5 billion for a capital intensity ratio of 20.3% compared to 17.2% in the same period of the prior year. Capital intensity ratio has increased mainly as result of higher acquisitions of property, plant and equipment, intangible and other assets in all of our operating segments compared to the same period of the previous year. However, the acquisitions of property, plant and equipment and the capital intensity are still in line with the Corporation's financial guidelines.

In the Canadian cable services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to \$160.2 million and revenue to \$946.7 million for a capital intensity of 16.9% compared to acquisitions of property, plant and equipment, intangible and other assets of \$130.0 million and revenue of \$939.8 million for a capital intensity of 13.8% for the same period of the prior year. The increase is mainly attributable to additional customer premise equipment as a result of the launch of TiVo digital advanced television services on November 3, 2014 in Ontario and on March 30, 2015 in Québec combined with the increase in line extensions, partly offset by capital expenditure decreases due to the timing of certain initiatives.

In the American cable services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to \$61.0 million and revenue amounted to \$343.7 million for a capital intensity of 17.7% compared to acquisitions of property, plant and equipment, intangible and other assets of \$52.7 million and revenue of \$292.0 million for a capital intensity of 18.0% for the same period of fiscal 2014. The increase in capital expenditures is mainly due to additional customer premise equipment resulting from the launch in fiscal 2014 of Tivo's digital advanced television services and Primary service units ("PSU")⁽²⁾ growth combined with the increase in scalable infrastructure to extend and improve the network capacity in some of its areas served. As a result of revenue growth exceeding acquisitions of property, plant and equipment, intangible and other assets growth, capital intensity slightly decreased in fiscal 2015 compared to the previous year.

In the Enterprise data services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to \$88.0 million and revenue to \$234.6 million for a capital intensity of 37.5% compared to acquisitions of property, plant and equipment, intangible and other assets of \$67.6 million and revenue of \$227.3 million for a capital intensity of 29.7% for the same period of the prior year. The increase in capital expenditures is essentially attributable to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie, Ontario data centre and of pod 1 at a new data centre in Montréal, Québec.

For further details on the Corporation's capital expenditures please refer to the "Cash flow analysis" section.

(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.

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

BUSINESS DEVELOPMENTS AND OTHER

On July 14, 2015, Cogeco Cable Inc. and its parent company, COGECO Inc. ("COGECO"), amended the Management Services Agreement in place since 1993, which was amended once eighteen years ago in 1997. The amendment takes into account the significant expansion of the business activities of Cogeco Cable in recent years, both by virtue of internal growth and its several acquisitions and a better alignment of management fees with the costs, time and resources committed by COGECO to provide such services to the Corporation. Starting in fiscal 2016, Cogeco Cable Inc. will pay monthly fees equal to 0.85% of its consolidated revenue to COGECO. For further details on the changes made to the Management Services agreement and the Board process leading up to these changes, please consult the related party transactions sub-section under "Operating and financial results" section.

On June 8, 2015, Atlantic Broadband, a wholly-owned subsidiary of Cogeco Cable Inc., entered into an agreement with MetroCast Communications of Connecticut, LLC ("MetroCast Connecticut") and its parent Harron Communications, L.P. to acquire substantially all of the assets of MetroCast Connecticut which serves about 23,000 Television, 22,000 High Speed Internet and 8,000 Telephony customers. The transaction is valued at US \$200 million, subject to customary closing adjustments, and expected to be financed through non-recourse debt financing at Atlantic Broadband. The transaction is subject to usual closing conditions, regulatory approvals and other customary conditions. The Corporation expects the transaction to close around September 1, 2015.

As a part of a process initiated in the previous months, the Corporation announced, on May 5, 2015, the restructuring of its Enterprise data services segment by combining the strengths of its two subsidiaries Cogeco Data Services and Peer 1 Hosting. This combination represents a growth opportunity for Cogeco Cable by bringing the teams and capabilities together and therefore, positioning it to increase operational efficiencies, streamline the product offerings and leverage the global footprint. The restructuring process should result in estimated annual costs savings of \$10 million.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
<i>(in thousands of dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Revenue	516,426	496,448	4.0	1,522,897	1,457,436	4.5
Operating expenses	276,663	267,059	3.6	823,133	785,235	4.8
Management fees – COGECO Inc.	—	—	—	9,877	9,674	2.1
Adjusted EBITDA	239,763	229,389	4.5	689,887	662,527	4.1
Operating margin	46.4%	46.2%		45.3%	45.5%	

REVENUE

Fiscal 2015 third-quarter revenue increased by \$20.0 million, or 4.0%, compared to prior year, to reach \$516.4 million mainly driven by growth of 19.4% in the American cable services segment as a result of favorable exchange rates compared to last year, PSU growth and rate increases. For the first nine months of fiscal 2015, revenue amounted to over \$1.5 billion, an increase of \$65.5 million, or 4.5%, compared to the same period of fiscal 2014 driven by growth of 0.7% in the Canadian cable services segment, 17.7% in the American cable services segment and 3.2% in the Enterprise data services segment. Revenue increased mainly from the improvement in the American cable services segment combined with the favorable foreign exchange rates for our foreign operations compared to the same periods of last year. For further details on the Corporation's revenue, please refer to the "Segmented operating results" section.

OPERATING EXPENSES AND MANAGEMENT FEES

For the third quarter of fiscal 2015, operating expenses increased by \$9.6 million, or 3.6%, to reach \$276.7 million. For the first nine months of fiscal 2015, operating expenses amounted to \$823.1 million, an increase of \$37.9 million, or 4.8%, compared to the same period of fiscal 2014. Operating expenses increased for most of our operating units combined with the appreciation of the US dollar and British Pound currency compared to the Canadian dollar, partly offset by cost reduction initiatives. For further details on the Corporation's operating expenses, please refer to the "Segmented operating results" section.

For the third quarter of fiscal 2015 and 2014, no management fees were paid to COGECO Inc. For fiscal 2015, management fees have been set at a maximum of \$9.9 million (\$9.7 million in 2014), which were fully paid in the first quarter of fiscal 2015. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA AND OPERATING MARGIN

For the three and nine-month periods ended May 31, 2015, adjusted EBITDA increased by \$10.4 million, or 4.5%, to reach \$239.8 million, and by \$27.4 million, or 4.1%, to reach \$689.9 million, respectively, compared to the same periods of the prior year. The progression for the quarter resulted mainly from the improvement of the American cable services segment combined with the favorable foreign exchange rates. The increase

for the first nine months resulted mainly from the improvement of all the operating segments combined with the favorable exchange rates compared to the same period of last year.

Cogeco Cable's third-quarter operating margin increased from 46.2% to 46.4% mainly as a result of the improvement in the Enterprise data services segment. Operating margin slightly decreased to 45.3% from 45.5% for the first nine months of fiscal 2015 compared to the comparable periods of the prior year mainly as a result of the higher proportion of the American cable services segment which generates lower margin, partly offset by the improvement in the Canadian cable and Enterprise data services segments. For further details on the Corporation's adjusted EBITDA and operating margin, please refer to the "Segmented operating results" section.

FIXED CHARGES

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
	\$	\$	%	\$	\$	%
<i>(in thousands of dollars, except percentages)</i>						
Depreciation and amortization	116,351	117,653	(1.1)	347,799	346,540	0.4
Impairment on property, plant and equipment	—	32,197	(100.0)	—	32,197	(100.0)
Financial expense	35,743	32,038	11.6	106,995	97,505	9.7

For the three and nine-month periods ended May 31, 2015, depreciation and amortization expense amounted to \$116.4 million and \$347.8 million, respectively, compared to \$117.7 million and \$346.5 million for the same periods of the prior year. The variation for both periods is mainly due to the appreciation of the US dollar and the British Pound currency compared to Canadian dollar and from additional acquisitions of property, plant and equipment, partly offset by certain intangible assets being fully amortized since the end of the fourth quarter of fiscal 2014.

For the three and nine-month periods ended May 31, 2015, financial expense amounted to \$35.7 million and \$107.0 million, respectively, representing increases of \$3.7 million and \$9.5 million compared to the same periods of prior year. Financial expense increased in both periods mainly as a result of the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

During the third quarter of fiscal 2014, the Corporation's subsidiary, Cogeco Cable Canada, recognized an impairment of \$32.2 million of property, plant and equipment, capitalized wages and borrowing costs related to an Internet Protocol Television ("IPTV") solution project which had to be abandoned as a result of unexpected performance issues encountered with the platform.

INCOME TAXES

For the three and nine-month periods ended May 31, 2015, income taxes amounted to \$17.9 million and \$48.3 million, respectively, compared to \$8.8 million and \$36.9 million for the same periods in fiscal 2014. The increase for both periods are mostly due to the improvement of adjusted EBITDA, the appreciation of the US dollar and British Pound currency compared to the Canadian dollar and last year's impairment of property, plant and equipment, partly offset by the increase in financial expense explained above compared to the same periods of fiscal 2014.

PROFIT FOR THE PERIOD

For the third quarter of fiscal 2015, profit for the period amounted to \$64.1 million, or \$1.31 per share, compared to \$35.5 million, or \$0.73 per share in the third quarter of fiscal 2014. For the nine-month period ended May 31, 2015, profit for the period amounted to \$179.8 million, or \$3.68 per share, compared to \$145.6 million, or \$2.99 per share for the comparable period. Profit progression for both periods is mainly due to the improvement in adjusted EBITDA combined with last year's impairment of property, plant and equipment of \$32.2 million, partly offset by the increases in financial expense and income taxes.

CUSTOMER STATISTICS

	Consolidated	UNITED STATES	CANADA	Net additions (losses)		Net additions (losses)	
				Three months ended		Nine months ended	
				May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
	May 31, 2015						
PSU	2,448,755	511,832	1,936,923	(2,401)	(2,509)	6,571	(15,539)
Television service customers	998,043	223,066	774,977	(6,438)	(9,620)	(25,051)	(31,961)
HSI service customers	905,057	204,967	700,090	6,250	7,811	35,604	27,152
Telephony service customers	545,655	83,799	461,856	(2,213)	(700)	(3,982)	(10,730)

At May 31, 2015, PSU reached 2,448,755 of which 1,936,923 came from the Canadian cable services segment and 511,832 came from the American cable services segment. For the three and nine-month periods ended May 31, 2015, PSU net losses stood at 2,401 and net additions at 6,571, respectively, compared to PSU net losses of 2,509 and 15,539 for the same periods of fiscal 2014. Fiscal 2015 third-quarter and first nine months net losses for Television service customers stood at 6,438 and 25,051 compared to 9,620 and 31,961 mainly as a result of service category maturity and competitive offers in the industry, partly offset by the launch of TiVo digital advanced television services in Canada on

November 3, 2014 in Ontario and on March 30, 2015 in Québec as well as in fiscal 2014 in the United States. HSI service customers grew by 6,250 and 35,604 in the third quarter and the first nine months of fiscal 2015 compared to 7,811 and 27,152 and the Telephony service customers net losses stood at 2,213 and 3,982 compared to net losses of 700 and 10,730 for the comparable periods of fiscal 2014. HSI net additions continued to stem from the enhancement of the product offering, the positive impact of bundle offers and the growth in the business sector. The lower decrease in Telephony services customers for the first nine months is mainly attributable to the net additions in the American cable services segment, partly offset by net losses in the Canadian cable services segment as a result of the increasing mobile penetration rate and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile services only.

In the Canadian cable services segment, PSU decreased by 6,735 for the third quarter of fiscal 2015, compared to 5,633 for the same period last year mainly as a result of a lower increase in HSI services and a higher decrease in Telephony services, partly offset by a lower decrease in Television services. For the first nine months of fiscal 2015, PSU decreased by 9,099 compared to a decrease of 23,678 for the comparable period in 2014 mainly due to additional HSI services combined with lower decreases both in the Television and Telephony services.

In the American cable services segment, PSU increased by 4,334 for the third-quarter of fiscal 2015, compared to 3,124 for the same period of prior year. For the first nine months of fiscal 2015, PSU increased by 15,670 compared to 8,139 for the comparable period in 2014. For both periods, the PSU growth stems primarily from additional HSI and Telephony services and from a lower decrease in Television services.

For further details on the Corporation's customer statistics, please refer to the "Segmented operating results" section.

RELATED PARTY TRANSACTIONS

Cogeco Cable Inc. is a subsidiary of COGECO, which holds 31.9% of the Corporation's equity shares, representing 82.4% of the Corporation's voting shares.

Following the July 2015 Board meeting of the Corporation, the Management Services Agreement (the "Agreement") pursuant to which COGECO provides executive, administrative, financial and strategic planning services and other services (the "Services") to the Corporation was amended. Originally entered into in 1993 when the cable operations of COGECO were spun off into the Corporation, COGECO initially provided the Services for an annual fee equal to 2% of its gross revenue, subject to an inflation-adjusted maximum annual fee. In addition, the Corporation reimburses COGECO's out-of-pocket expenses incurred with respect to services provided to the Corporation under the Agreement. The maximum annual fee level was increased only once in 1997 as a result of the growth of cable operations. The Corporation agreed at the July 2015 Board meeting that an amendment to the Agreement was required since the operations of the Corporation have significantly expanded over the past 18 years and since the annual fees were no longer aligned with the costs, time and resources committed by COGECO to provide such services.

Consideration of the amendment began when a presentation related to the Services and fees was reviewed and discussed at a special meeting of the Board of COGECO at the end of June 2015. The independent Directors of the Board resolved that the management fees should be increased, for the fiscal year beginning on September 1, 2015, to an annual fee, payable monthly, equal to 0.85% of the consolidated revenue of the Corporation, with no maximum level or inflation-based adjustment. Accordingly, COGECO submitted to the Corporation a request for an adjustment of the fees and amendments to the Agreement.

As contemplated by the existing Agreement, this was referred to the Audit Committee of the Corporation for determination. The Committee acknowledged that the size of operations of the Corporation has expanded significantly in recent years, both by virtue of internal growth and its several acquisitions including Atlantic Broadband, Cogeco Data Services and Peer 1 Hosting. Consequently, the services, time and efforts of COGECO's management being supplied to the Corporation have also increased significantly. The Audit Committee ultimately determined that the management fees should be increased to the requested level of 0.85% of the consolidated revenue of the Corporation. The matter was then considered by the Corporation's Board at its July 2015 meeting, and the increased level of management fees and updated Management Services Agreement were ratified and approved by the independent Directors of the Board. In the updated Agreement, provision is made for future adjustment upon the request of either COGECO or the Corporation should the level of management fees no longer align with the costs, time and resources committed by COGECO.

For fiscal year 2015, management fees have been set at a maximum of \$9.9 million (\$9.7 million in 2014), which were fully paid in the first quarter. For fiscal year 2014, management fees were fully paid in the first half of the year. In fiscal 2016, under the updated Agreement, management fees will no longer be subject to a maximum amount and will be paid on a monthly basis. Accordingly, management fees will be recognized and paid throughout the year resulting in more comparable operating margins from quarter to quarter. If the new level of management fees had been applicable in fiscal 2015, it is estimated that they would have amounted to approximately \$17 million.

No direct remuneration is payable to COGECO's executive officers by the Corporation. However, during the first nine months of fiscal 2015, the Corporation granted 61,300 (84,250 in 2014) stock options to these executive officers as executive officers of Cogeco Cable. During the third quarter and first nine months of fiscal 2015, the Corporation charged COGECO amounts of \$128,000 and \$355,000 (\$124,000 and \$286,000 in 2014) with regard to the Corporation's stock options granted to these executive officers.

No Incentive Share Units ("ISUs") of the Corporation were granted to executive officers of COGECO during the first nine months of fiscal 2015 (12,550 in 2014). During the third quarter and first nine months of fiscal 2015, the Corporation charged COGECO amounts of \$72,000 and \$232,000 (\$122,000 and \$440,000 in 2014) with regard to the ISUs previously granted by the Corporation to these executive officers of COGECO.

During the first quarter of fiscal 2015, the Corporation introduced a Performance Share Unit Plan ("PSU Plan"). For the first nine months of fiscal 2015, the Corporation granted 11,050 Performance Share Units ("PSUs") to executive officers of COGECO as executive officers of Cogeco Cable and charged COGECO amounts of \$58,000 and \$131,000 for the three and nine-month periods ended May 31, 2015 with regard to the Corporation's PSUs granted to these executive officers.

Additional information on the stock options and ISUs granted to COGECO's executive officers are provided in the Corporation's 2014 Annual Report. Details regarding the new PSU Plan are provided in Note 10 of the condensed interim consolidated financial statements. There were no other material related party transactions during the periods covered.

CASH FLOW ANALYSIS

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Cash flow from operations	179,563	175,595	523,194	502,872
Changes in non-cash operating activities	28,754	15,397	(105,273)	(77,388)
Amortization of deferred transaction costs and discounts on long-term debt	(2,114)	(1,898)	(6,226)	(5,628)
Income taxes paid	(17,903)	(15,995)	(52,624)	(53,538)
Current income taxes	22,887	22,162	62,797	68,932
Financial expense paid	(49,651)	(42,864)	(111,267)	(103,582)
Financial expense	35,743	32,038	106,995	97,505
Cash flow from operating activities	197,279	184,435	417,596	429,173
Cash flow from investing activities	(102,941)	(84,427)	(308,233)	(249,742)
Cash flow from financing activities	(38,615)	(123,719)	(103,104)	(189,870)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	(331)	(535)	3,217	1,390
Net change in cash and cash equivalents	55,392	(24,246)	9,476	(9,049)
Cash and cash equivalents, beginning of the period	17,915	54,772	63,831	39,575
Cash and cash equivalents, end of the period	73,307	30,526	73,307	30,526

OPERATING ACTIVITIES

Fiscal 2015 third-quarter cash flow from operating activities reached \$197.3 million compared to \$184.4 million in fiscal 2014 third-quarter, representing an increase of \$12.8 million, or 7.0%. The variation for the quarter is mainly due to the improvement of \$10.4 million in adjusted EBITDA and of \$13.4 million in changes in non-cash operating activities as a result of a higher decrease in trade and other receivables and prepaid expense and other as well as an increase in provisions compared to a decrease in the prior year, partly offset by an increase of \$6.8 million in financial expense paid. For the first nine months of fiscal 2015, cash flow from operating activities reached \$417.6 million, representing a decrease of \$11.6 million, or 2.7%, compared to \$429.2 million for the same period of fiscal 2014. The decrease is mainly explained by the decrease of \$27.9 million in changes in non-cash operating activities and the increase of \$7.7 million in financial expense paid, partly offset by the improvement of \$27.4 million in adjusted EBITDA. The decrease in changes in non-cash operating activities result from a higher decrease in trade and other payables, partly offset by a decrease in trade and other receivables compared to an increase for the same period of the prior year.

For the the third quarter ended May 31, 2015, cash flow from operations increased by \$4.0 million, or 2.3%, to reach \$179.6 million compared to the same period last year, mainly due to the improvement of \$10.4 million in adjusted EBITDA, partly offset by the increase of \$3.7 million in financial expense. For the nine-month period ended May 31, 2015, cash flow from operations amounted to \$523.2 million compared to \$502.9 million for the comparable period in fiscal 2014, representing an increase of \$20.3 million, or 4.0%, mainly explained by the improvement of \$27.4 million in adjusted EBITDA combined with the decrease in current income taxes of \$6.1 million, partly offset by the increase of \$9.5 million in financial expense.

INVESTING ACTIVITIES

For the three and nine-month periods ended May 31, 2015, investing activities amounted to \$102.9 million and \$308.2 million, respectively, compared to \$84.4 million and \$249.7 million for the comparable period of fiscal 2014, mainly due to the acquisitions of property, plant and equipment, intangible and other assets as explained below.

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

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

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
(in thousands of dollars)	\$	\$	\$	\$
Customer premise equipment ⁽¹⁾	29,589	25,327	97,461	68,872
Scalable infrastructure ⁽²⁾	18,287	17,867	48,268	53,341
Line extensions	10,305	5,677	31,620	17,095
Upgrade / Rebuild	3,970	6,658	12,485	17,225
Support capital	9,205	6,979	21,253	15,711
Acquisition of property, plant and equipment - Cable services	71,356	62,508	211,087	172,244
Acquisition of property, plant and equipment - Enterprise data services	28,221	17,001	86,714	64,431
Acquisition of property, plant and equipment - Head office	—	—	2	—
Acquisitions of property, plant and equipment	99,577	79,509	297,803	236,675
Acquisition of intangible and other assets - Cable services	3,360	3,368	10,157	10,513
Acquisition of intangible and other assets - Enterprise data services	781	1,575	1,314	3,159
Acquisitions of intangible and other assets	4,141	4,943	11,471	13,672
	103,718	84,452	309,274	250,347

(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.

For the third quarter ended May 31, 2015, acquisition of property, plant and equipment in the Canadian and American cable services segments amounted to \$71.4 million compared to \$62.5 million for the comparable period of fiscal 2014. For the third quarter ended May 31, 2015, \$54.0 million came from the Canadian cable services segment compared to \$39.6 million for the comparable period of the prior year and \$17.4 million came from the American cable services segment compared to \$22.9 million for the same period of fiscal 2014. The variation in acquisitions of property, plant and equipment is attributable to the following factors:

- In the Canadian cable services segment, the increase in capital expenditures was mainly due to additional customer premise equipment for the launch of TiVo digital advanced television services on March 30, 2015 in Québec combined with the increases in scalable infrastructure and line extensions to extend and improve network capacity in the areas served; and
- In the American cable services segment, the decrease in capital expenditures was mainly due to the timing of certain initiatives.

For the nine-month period ended May 31, 2015, acquisition of property, plant and equipment in the Canadian and American cable services segments amounted to \$211.1 million compared to \$172.2 million for the comparable period of fiscal 2014. For the nine-month period ended May 31, 2015, \$152.1 million came from the Canadian cable services segment compared to \$120.9 million for the comparable period of the prior year and \$59.0 million came from the American cable services segment compared to \$51.4 million for the same period of fiscal 2014. The capital intensity for the Canadian cable services segment reached 16.9% compared to 13.8% for the same period of prior year as a result of higher acquisitions of property, plant and equipment. The capital intensity for the American cable services segment reached 17.7% compared to 18.0% for the same period of prior year as a result of revenue growth exceeding acquisitions of property, plant and equipment, intangible and other assets growth.

The increase in acquisitions of property, plant and equipment is attributable to the following factors:

- In the Canadian cable services segment, the increase in acquisition of property, plant and equipment was mainly due to additional customer premise equipment for the launch of TiVo digital advanced television services on November 3, 2014 in Ontario and on March 30, 2015 in Québec, partly offset by capital expenditures decreases due to the timing of certain initiatives; and
- In the American cable services segment, the increase in acquisition of property, plant and equipment was mainly due to additional customer premise equipment resulting from the launch in fiscal 2014 of TiVo's digital advanced television as well as the PSU growth combined with the increase in scalable infrastructure and line extensions to extend and improve network capacity in the areas served as well as higher foreign exchange rates compared to last year, partly offset by the timing of certain initiatives.

During the fiscal 2015 third-quarter and first nine months, acquisition of property, plant and equipment in the Enterprise data services segment amounted to \$28.2 million and \$86.7 million, respectively, compared to \$17.0 million and \$64.4 million for the same periods of fiscal 2014. For the three and nine-month periods ended May 31, 2015, the capital intensity reached 37.0% and 37.5%, respectively, compared to 23.6% and 29.7% for the comparable periods of the prior year. The increases are mainly due to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie, Ontario data centre and of pod 1 at a new data centre in Montréal, Québec.

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 third quarter and the first nine months of fiscal 2015, the acquisition of intangible and other assets amounted to \$4.1 million and \$11.5 million, respectively, compared to \$4.9 million and \$13.7 million for the same periods last year mainly due to lower reconnect activities in the Canadian cable services segment and customer acquisition costs in the Enterprise data services segment.

FREE CASH FLOW AND FINANCING ACTIVITIES

For the third quarter of fiscal 2015, free cash flow amounted to \$75.8 million, representing a decrease of \$15.3 million compared to \$91.1 million for the same period in fiscal 2014. The decrease is mainly attributable to the increase of \$20.1 million in acquisitions of property, plant and equipment explained above combined with the increase of \$3.7 million in financial expense, partly offset by the improvement of adjusted EBITDA of \$10.4 million. For the first nine months of fiscal 2015, free cash flow decreased by \$38.6 million to reach \$213.9 million, compared to \$252.5 million for the same period of prior year. The decrease is mainly due to the increases of \$61.1 million in acquisitions of property, plant and equipment and of \$9.5 million in financial expense, partly offset by the improvement of \$27.4 million in adjusted EBITDA.

In the third quarter of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of \$21.5 million mainly due to the decrease of \$4.1 million in bank indebtedness combined with the repayments of \$9.5 million under the revolving facilities and of \$7.9 million of long-term debt. In the third quarter of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of \$109.6 million mainly due to the repayments of \$112.6 million under the revolving facilities.

For the first nine-month period ended May 31, 2015, a lower Indebtedness level resulted in a cash decrease of \$50.5 million, mainly due to the repayments of \$34.0 million under the revolving facilities and of \$28.2 million of long-term debt, partly offset by the increase in bank indebtedness of \$11.7 million. For the first nine months of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of \$142.8 million, mainly due to the repayments under the revolving facilities of \$128.2 million and of long-term debt amounting to \$10.9 million.

During the third quarter of fiscal 2015, a quarterly eligible dividend of \$0.35 per share was paid to the holders of subordinate and multiple voting shares, totaling \$17.1 million, compared to a quarterly eligible dividend paid of \$0.30 per share, or \$14.6 million in the third quarter of fiscal 2014. Dividend payments in the first nine months totaled \$1.05 per share, or \$51.3 million, compared to \$0.90 per share, or \$43.9 million the prior year.

At May 31, 2015, the Corporation had a working capital deficiency of \$369.0 million compared to \$267.6 million at August 31, 2014. The \$101.4 million deficiency increase is mainly due to the increases of \$239.3 million in the current portion of long-term debt as a result of the US\$190 million Senior Secured Notes Series A maturing in October 2015 and of \$11.7 million in bank indebtedness, partly offset by the decrease of \$120.5 million in trade and other payables, the increase of \$36.1 million in derivative financial instruments asset related to the cross-currency swaps on the Senior Secured Notes Series A and the increase of \$9.5 million in cash and cash equivalents. As part of the usual conduct of its business, Cogeco Cable maintains a working capital deficiency due to a low level of accounts receivable since a large proportion of the Corporation's customers pay before their services are rendered, unlike trade and other payables, which are usually paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At May 31, 2015, the Corporation had used \$205.1 million of its \$800 million amended and restated Term Revolving Facility for a remaining availability of \$594.9 million. In addition, two subsidiaries of the Corporation also benefit from a Revolving Facility of \$186.6 million (US\$150 million), of which \$28.3 million (US\$22.7 million) was used at May 31, 2015 for a remaining availability of \$158.3 million (US\$127.3 million).

FINANCIAL POSITION

Since August 31, 2014 the following balances have changed significantly: "derivative financial instruments", "property, plant and equipment", "intangible assets", "goodwill", "trade and other payables", "current portion of long-term debt" and "long-term debt".

The increase of \$30.0 million in derivative financial instruments asset related to the cross-currency swap on the Senior Secured Notes Series A is due to the appreciation of the US dollar currency against the Canadian dollar. Property, plant and equipment and intangible assets increased by \$52.9 million and \$80.3 million, respectively, due to the appreciation of the US dollar and British Pound currency against the Canadian dollar, partly offset by the depreciation and amortization expense exceeding capital expenditures. Goodwill increased by \$122.9 million as a result of the US dollar and the British Pound currency appreciation against the Canadian dollar during the first nine months of fiscal 2015. The decrease of \$120.5 million in trade and other payables related to the timing of payments made to suppliers. The increase of \$239.3 million in the current portion of long-term debt is mainly due to the US\$190 million Senior Secured Notes Series A maturing in October 2015. The decrease of \$39.4 million in long-term debt is mainly due to the increase in the current portion of long-term debt and repayments amounting to \$62.2 million, partly offset by the appreciation of the US dollar and British Pound currency appreciation against the Canadian dollar.

OUTSTANDING SHARE DATA

A description of Cogeco Cable's share data at June 30, 2015 is presented in the table below. Additional details are provided in Note 10 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	33,533,342	\$ 918,057
Options to purchase subordinate voting shares		
Outstanding options	726,673	
Exercisable options	247,142	

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 reported in the 2014 Annual Report, have not materially changed since August 31, 2014, except as mentioned below.

On December 12, 2014, the Corporation amended its Term Revolving Facility. Under the term of the amendment, the maturity was extended by an additional year and consequently, will mature on January 22, 2020.

FINANCIAL MANAGEMENT

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At May 31, 2015, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

The following table shows the interest rate swaps outstanding at May 31, 2015:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US\$200 million	US Libor base rate	0.39625%	July 25, 2015	US\$70.5 million of Term Revolving Facility US\$129.5 million of Term Loan A Facility

The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to these facilities is approximately \$3.6 million based on the current debt at May 31, 2015.

In addition, the Corporation is exposed to foreign exchange risk related to its long-term debt denominated in US dollars that is not designated as a hedge on its US dollar net investments. In order to mitigate this risk, the Corporation has established guidelines whereby cross-currency swap agreements can be used to fix the exchange rates applicable to its US dollar denominated long-term debt. All such agreements are exclusively used for hedging purposes. Accordingly, on October 2, 2008, Cogeco Cable entered into cross-currency swap agreements to set the liability for interest and principal payments on its Senior Secured Notes Series A.

The following table shows the cross-currency swaps outstanding at May 31, 2015:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Exchange rate	Hedged item
Cash flow	US\$190 million	7.00% USD	7.24% CAD	October 1, 2015	1.0625	US\$190 million Senior Secured Notes Series A

The impact of a 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change financial expense by approximately \$6.9 million based on the outstanding debt at May 31, 2015.

The Corporation is also exposed to foreign exchange risk related to its forecasted purchase commitments of property, plant and equipment denominated in US dollars. In order to mitigate such risk, the Corporation has entered into foreign currency forward contracts during the third quarter of fiscal 2015 and designated them as hedges for accounting purposes.

The following table shows the forward contracts outstanding at May 31, 2015:

Type of hedge	Notional amount	Maturity	Exchange rate	Hedged item
Cash flow	US\$15.3 million	June - September 2015	1.2209 - 1.2223	Purchase commitments of property, plant and equipment

Furthermore, the Corporation's investments in foreign operations 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 Hosting were borrowed directly in US dollars and British Pounds.

The following table shows the investments in foreign operations outstanding at May 31, 2015:

Type of hedge	Notional amount of debt	Aggregate investments	Hedged item
Net investment	US\$860.5 million	US\$1.1 billion	Net investment in foreign operations in US dollar
Net investment	£54.4 million	£59.4 million	Net investment in foreign operations in British pound

The exchange rate used to convert the US dollar currency and British Pound currency into Canadian dollar for the statement of financial position accounts at May 31, 2015 was \$1.2437 per US dollar and \$1.9011 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 \$30.7 million.

For the three and nine-month periods ended May 31, 2015, the average rates prevailing used to convert the operating results of the American cable services and a portion of the Enterprise data services were as follows:

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
	\$	\$	%	\$	\$	%
US dollar vs Canadian dollar	1.2378	1.0997	12.6	1.1870	1.0759	10.3
British Pound vs Canadian dollar	1.8715	1.8405	1.7	1.8389	1.7664	4.1

The following tables highlight in Canadian dollars, the impact of a 10% increase in the US dollar and British Pound against the Canadian dollar on Cogeco Cable's operating results for the three and nine-month periods ended May 31, 2015:

	Canadian cable services		American cable services		Enterprise data services	
	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
	\$	\$	\$	\$	\$	\$
Three months ended May 31, 2015 (in thousands of dollars)						
Revenue	317,486	—	121,135	12,113	78,475	3,798
Operating expenses	153,797	712	68,763	6,876	51,546	3,028
Adjusted EBITDA	163,689	(712)	52,372	5,237	26,929	770
Acquisitions of property, plant and equipment, intangible and other assets	56,646	2,067	18,070	1,805	29,002	636

	Canadian cable services		American cable services		Enterprise data services	
	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
	\$	\$	\$	\$	\$	\$
Nine months ended May 31, 2015 (in thousands of dollars)						
Revenue	946,674	—	343,741	34,356	234,587	11,559
Operating expenses	464,119	2,406	194,613	19,446	153,280	8,761
Adjusted EBITDA	482,555	(2,406)	149,128	14,910	81,307	2,798
Acquisitions of property, plant and equipment, intangible and other assets	160,247	8,458	60,997	6,168	88,028	1,656

DIVIDEND DECLARATION

At its July 14, 2015 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of \$0.35 per share for multiple voting and subordinate voting shares, payable on August 11, 2015, to shareholders of record on July 28, 2015. 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 data services. The reporting structure reflects how the Corporation manages the business activities to make decisions about resources to be allocated to each segment and to assess its performance.

CANADIAN CABLE SERVICES

CUSTOMER STATISTICS

	May 31, 2015	Net additions (losses)				% of penetration ⁽¹⁾	
		Three months ended		Nine months ended		May 31, 2015	May 31, 2014
		May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014		
PSU	1,936,923	(6,735)	(5,633)	(9,099)	(23,678)		
Television service customers	774,977	(5,500)	(8,021)	(22,188)	(26,940)	46.7	47.9
HSI service customers	700,090	1,843	3,821	20,506	15,465	42.2	40.2
Telephony service customers	461,856	(3,078)	(1,433)	(7,417)	(12,203)	27.8	28.0

(1) As a percentage of homes passed.

Fiscal 2015 third-quarter PSU decreased by 6,735 compared to 5,633 for the same period last year mainly as a result of a lower increase in HSI services and a higher decrease in Telephony services, partly offset by a lower decrease in Television services. For the first nine months of fiscal 2015, PSU decreased by 9,099 compared to a decrease of 23,678 for the comparable period in 2014 mainly due to additional HSI services combined with lower decreases both in the Television and Telephony services. For the third quarter and first nine months of fiscal 2015, net customer losses for Television service stood at 5,500 and 22,188 compared to 8,021 and 26,940 for the same periods of fiscal 2014. The lower decrease in Television service customers is mainly due to the launch of TiVo digital advanced television services on November 3, 2014 in Ontario and on March 30, 2015 in Québec, partly offset by promotional offers of competitors for the video service, service category maturity and the expansion of IPTV footprint of competitors. For the third quarter and first nine months of fiscal 2015, net additions for HSI service customers stood at 1,843 and 20,506 compared to 3,821 and 15,465 for the comparable periods of fiscal 2014. HSI net additions continue to stem from the enhancement of the product offering, the impact of bundle offers of Television, HSI and Telephony services, promotional activities and the growth in the business sector. Net losses for the Telephony service amounted to 3,078 and 7,417 for the third quarter and the first nine months of fiscal 2015, compared to 1,433 and 12,203 for the same periods of the prior year mainly attributable to the increasing mobile penetration rate in North America and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile telephony services only.

Furthermore, at May 31, 2015, 70% (69% in 2014) 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: 30% who subscribe to the single play (31% in 2014), 35% to the double play (33% in 2014) and 35% to the triple play (36% in 2014).

OPERATING RESULTS

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
	\$	\$	%	\$	\$	%
<i>(in thousands of dollars, except percentages)</i>						
Revenue	317,486	317,072	0.1	946,674	939,750	0.7
Operating expenses	153,797	153,337	0.3	464,119	463,882	0.1
Adjusted EBITDA	163,689	163,735	—	482,555	475,868	1.4
Operating margin	51.6%	51.6%		51.0%	50.6%	

REVENUE

Fiscal 2015 third-quarter revenue increased by \$0.4 million, or 0.1%, to reach \$317.5 million, compared to the same period last year. For the first nine months, revenue increased by \$6.9 million, or 0.7%, to reach \$946.7 million, compared to the first nine months of fiscal 2014. Revenue increase is mainly attributable to rate increases implemented in April 2014 and February 2015 in Québec and Ontario, partly offset by PSU losses due to the intense competitive environment and service category maturity.

OPERATING EXPENSES

For the third quarter and first nine months ended May 31, 2015, operating expenses amounted to \$153.8 million and \$464.1 million, respectively, compared to \$153.3 million and \$463.9 million for the same periods last year, mainly as a result of higher programming costs and additional marketing initiatives related to the launch of TiVo digital advanced television services on November 3, 2014 in Ontario and on March 30, 2015 in Québec, mostly offset by cost reduction initiatives.

ADJUSTED EBITDA AND OPERATING MARGIN

As a result of revenue and operating expenses being essentially the same, fiscal 2015 third-quarter adjusted EBITDA remained at \$163.7 million compared to the same period of the prior year and consequently, operating margin was maintained at 51.6% for the third-quarter of fiscal 2015.

For the first nine months of fiscal 2015, adjusted EBITDA amounted to \$482.6 million, or 1.4% higher than in the same period of the prior year mainly due to revenue growth exceeding operating expenses growth. Consequently, operating margin increased from 50.6% to 51.0% for the first nine months of fiscal 2015 compared to last year.

AMERICAN CABLE SERVICES

CUSTOMER STATISTICS

	May 31, 2015	Net additions (losses)				% of penetration ⁽¹⁾	
		Three months ended		Nine months ended		May 31, 2015	May 31, 2014
		May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014		
PSU	511,832	4,334	3,124	15,670	8,139		
Television service customers	223,066	(938)	(1,599)	(2,863)	(5,021)	42.9	43.8
HSI service customers	204,967	4,407	3,990	15,098	11,687	39.4	36.4
Telephony service customers	83,799	865	733	3,435	1,473	16.1	15.4

(1) As a percentage of homes passed.

Fiscal 2015 third-quarter and first nine months PSU net additions amounted to 4,334 and 15,670, respectively, compared to 3,124 and 8,139 for the same periods of the prior year. Net customer losses for the Television service stood at 938 and 2,863, respectively, for the third quarter and first nine months of fiscal 2015 compared to 1,599 and 5,021 for the same periods of last year as a result of competitive offers in the industry, partly offset by the growth of TiVo's digital advanced television services launched during the first quarter of fiscal 2014. For the third quarter and first nine months of fiscal 2015, net customer additions for HSI service amounted to 4,407 and 15,098 compared to 3,990 and 11,687 for the same periods of the prior year mainly due to the launch of TiVo's services, additional marketing initiatives which focused on bundle package offerings, thus increasing overall demand for the HSI residential services as well as increased commercial HSI customers. The net customer additions for Telephony service stood at 865 and 3,435 for the three and nine-month periods ended May 31, 2015, compared to 733 and 1,473 for the same periods in fiscal 2014 as a result of the impact of bundle offers.

Furthermore, as at May 31, 2015, 59% (59% in 2014) of the American cable services customers subscribed to two or more services. The distribution of customers by number of services for the American cable services were: 41% who subscribe to the single play (41% in 2014), 38% to the double play (38% in 2014) and 21% to the triple play (21% in 2014).

OPERATING RESULTS

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
	\$	\$	%	\$	\$	%
<i>(in thousands of dollars, except percentages)</i>						
Revenue	121,135	101,435	19.4	343,741	292,032	17.7
Operating expenses	68,763	56,610	21.5	194,613	162,396	19.8
Adjusted EBITDA	52,372	44,825	16.8	149,128	129,636	15.0
Operating margin	43.2%	44.2%		43.4%	44.4%	

REVENUE

Fiscal 2015 third-quarter revenue increased by \$19.7 million, or 19.4%, to reach \$121.1 million compared to the same period last year. For the first nine months, revenue amounted to \$343.7 million, an increase of \$51.7 million compared to the first nine months of fiscal 2014. Revenue increased in both periods as a result of favorable foreign exchange rates compared to the same period last year, PSU growth as well as rate increases implemented during the first quarter of fiscal 2015.

For the third quarter and first nine months of fiscal 2015, revenue in local currency amounted to US\$97.9 million and US\$289.4 million compared to US\$92.2 million and US\$271.4 million for the same periods last year.

OPERATING EXPENSES

Fiscal 2015 third-quarter operating expenses amounted to \$68.8 million, an increase of 21.5% compared to the same period last year. For the first nine months, operating expenses amounted to \$194.6 million, an increase of \$32.2 million compared to the first nine months of fiscal 2014. The increases for both periods is mainly attributable to the appreciation of the US dollar over the Canadian dollar, higher programming costs, costs to serve additional PSU, marketing initiatives to improve PSU growth as well as the deployment of TiVo digital advanced television services.

Operating expenses in local currency for the third quarter and first nine months of fiscal 2015 amounted to US\$55.6 million and US\$163.8 million compared to US\$51.5 million and US\$150.8 million for the comparable periods of fiscal 2014.

ADJUSTED EBITDA AND OPERATING MARGIN

Adjusted EBITDA for the third-quarter and first nine months of fiscal 2015 increased by 16.8% and 15.0% to reach \$52.4 million and \$149.1 million, respectively, compared to \$44.8 million and \$129.6 million for the same periods of fiscal 2014. As a result of operating expenses growth exceeding revenue growth, operating margin for the three and nine-month periods ended May 31, 2015 decreased to 43.2% from 44.2% and to 43.4% from 44.4% for the comparable periods of the prior year.

Fiscal 2015 third-quarter and first nine months adjusted EBITDA in local currency amounted to US\$42.3 million and US\$125.6 million compared to US\$40.8 million and US\$120.5 million for the same periods last year.

ENTERPRISE DATA SERVICES

As a part of a process initiated in the previous months, the Corporation announced, on May 5, 2015, the restructuring of its Enterprise data services segment by combining the strengths of its two subsidiaries Cogeco Data Services and Peer 1 Hosting. This combination represents a growth opportunity for Cogeco Cable by bringing the teams and capabilities together and therefore, positioning it to increase operational efficiencies, streamline the product offerings and leverage the global footprint. For the three and nine-month periods ended May 31, 2015, the Corporation recognized restructuring costs of \$5.4 million and \$6.7 million, respectively. The restructuring process should result in estimated annual costs savings of \$10 million.

OPERATING RESULTS

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
<i>(in thousands of dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Revenue	78,475	78,573	(0.1)	234,587	227,284	3.2
Operating expenses	51,546	54,407	(5.3)	153,280	150,062	2.1
Adjusted EBITDA	26,929	24,166	11.4	81,307	77,222	5.3
Operating margin	34.3%	30.8%		34.7%	34.0%	

REVENUE

Fiscal 2015 third-quarter revenue remained essentially the same at \$78.5 million compared to the same period last year as a result of the appreciation of the US dollar and British Pound against the Canadian dollar, partly offset by higher churn. In addition, the increase over the period would have been higher without certain non recurring adjustments recorded in the fourth quarter of fiscal 2014, some of which were related to previous quarters. For the first nine months of fiscal 2015, revenue amounted to \$234.6 million, an increase of \$7.3 million compared to the first nine months of fiscal 2014 mainly due of the appreciation of the US dollar and the British Pound against the Canadian dollar for our foreign operations.

OPERATING EXPENSES

For the third quarter of fiscal 2015, operating expenses decreased by \$2.9 million, to \$51.5 million mainly due to costs reduction initiatives, partly offset by the appreciation of the US dollar and the British Pound against the Canadian dollar and non-recurring costs incurred during the third quarter of fiscal 2014 with regards to certain initiatives and the enhancement of the collection process at Peer 1 Hosting. For the first nine months of fiscal 2015, operating expenses increased by \$3.2 million to reach \$153.3 million mainly as a result of the appreciation of the US dollar and the British Pound against the Canadian dollar and higher various infrastructure support costs.

ADJUSTED EBITDA AND OPERATING MARGIN

Fiscal 2015 third-quarter adjusted EBITDA increased by \$2.8 million, or 11.4%, to reach \$26.9 million compared to the same period of the prior year. As a result of revenue growth exceeding operating expenses growth, operating margin increased to 34.3% from 30.8% compared to the same period of fiscal 2014.

Fiscal 2015 first nine months adjusted EBITDA increased by \$4.1 million, or 5.3%, to reach \$81.3 million compared to the same period of fiscal 2014. As a result of the reduction in operating expenses, operating margin increased to 34.7% from 34.0% in first nine months compared to the same period of the prior year.

FISCAL 2015 REVISED FINANCIAL GUIDELINES

As a result of the costs associated with the restructuring of its Enterprise data services segment, the Corporation revised its financial guidelines for the 2015 fiscal year issued on April 8, 2015. Management expects integration, restructuring and acquisition costs to reach \$15 million, and consequently, profit for the year should decrease by \$10 million to \$250 million and free cash flow by \$15 million to \$275 million.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections July 14, 2015 Fiscal 2015	Revised projections April 8, 2015 Fiscal 2015
<i>(in million of dollars, except percentages)</i>	\$	\$
Revenue	2,050	2,050
Adjusted EBITDA	935	935
Operating margin	45.6%	45.6%
Integration, restructuring and acquisition costs	15	1
Depreciation and amortization	465	465
Financial expense	140	140
Current income tax expense	90	90
Profit for the year	250	260
Acquisitions of property, plant and equipment, intangible and other assets	430	430
Free cash flow ⁽¹⁾	275	290
Capital intensity	21.0%	21.0%

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately \$15 million and less, integration, restructuring and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

FISCAL 2016 PRELIMINARY FINANCIAL GUIDELINES

The following section contain forward-looking statements concerning the business outlook of Cogeco Cable. For a description of risk factors that could cause actual results to differ materially from what Cogeco Cable currently expects, please refer to the "Uncertainties and main risk factors" section of the Corporation's 2014 annual MD&A.

These preliminary financial guidelines do not include expected financial results from the announcement of the agreement for the acquisition of MetroCast Connecticut by the Corporation's wholly-owned subsidiary, Atlantic Broadband. They will be revised when the transaction is concluded.

Cogeco Cable expects fiscal 2016 revenue growth to be driven by all its operating segments. In the Cable services segments, revenue growth should stem primarily from targeted marketing initiatives to improve penetration rates of HSI in the residential and business sectors and Telephony services in the business sector while the penetration of residential Telephony and Television services should decrease in Canada, reflecting service category maturity and intense competition. We expect the penetration of Digital video and HSI services to continue to benefit from customers' ongoing interest in TiVo's digital advanced television services in Canada and the United States. The Cable services segment should also benefit from the impact of rate increases in most of its services in Canada and the United States and from the PSU growth in the United States. In the Enterprise data services segment, revenue growth should stem primarily from data transport, colocation services, cloud and managed services due to the increasing market demand and the completion of the remaining pods of the Barrie, Ontario data centre facility as well as the construction of the first pod in fiscal 2015 of a new data centre facility in Montréal, Québec. The revenue growth should also be driven by connectivity services as a result of network expansions and new customer installations.

Adjusted EBITDA progression should stem from revenue growth exceeding operating expenses as a result of cost reduction initiatives from improved systems and processes and costs savings resulting from the restructuring activities in the Enterprise data services segment in fiscal 2015, partly offset by marketing initiatives and retention strategies to support the revenue growth. Consequently, the operating margin should improve compared to the revised fiscal 2015 projections.

Free cash flow should increase compared to the revised fiscal 2015 projections as a result of the improvement of the adjusted EBITDA, partly offset by additional capital expenditures. Accordingly, generated free cash flow should reduce Indebtedness, net of cash and cash equivalents, thus improving the Corporation's net leverage ratios. The capital intensity ratio should slightly decrease compared to the revised fiscal 2015 projections.

The following table outlines fiscal 2016 preliminary financial guidelines ranges on a consolidated basis:

	Preliminary projections Fiscal 2016	Revised projections July 14, 2015 Fiscal 2015
(in million of dollars, except percentages)	\$	\$
Revenue	2,140 to 2,170	2,050
Adjusted EBITDA	970 to 1,000	935
Operating margin	45.3% to 46.1%	45.6%
Integration, restructuring and acquisition costs	—	15
Depreciation and amortization	475 to 485	465
Financial expense	130 to 140	140
Current income tax expense	95 to 105	90
Profit for the year	280 to 305	250
Acquisitions of property, plant and equipment, intangible and other assets	430 to 445	430
Free cash flow ⁽¹⁾	315 to 345	275
Capital intensity	20.0% to 20.5%	21.0%

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items and less, integration, restructuring and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

(2) Fiscal 2016 financial guidelines are based on a USD/CDN exchange rate of 1.25 and a GBP/CDN exchange rate of 1.80.

CONTROLS AND PROCEDURES

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. 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 ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco Cable's internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

At August 31, 2014, Management disclosed the existence of a material weakness in ICFR at Peer1 Hosting which has since been corrected. A material weakness in ICFR exists if there is a deficiency or combination of deficiencies in ICFR such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The deficiencies in ICFR at Peer1 Hosting related mainly to the financial statement close process and inadequate segregation of duties over certain information system access controls. Since then, the material weakness previously identified has been addressed and corrected. Several detailed review and monitoring processes have been implemented to facilitate and enhance proper oversight over operations. Furthermore, access rights were reviewed and adjusted accordingly to reflect proper segregation of duties.

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR at May 31, 2015, and concluded that they are adequate. Furthermore, except as explained above, no significant changes to the internal controls over financial reporting occurred during the quarter and nine-month periods ended May 31, 2015.

UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2014 Annual Report, available at www.sedar.com and corpo.cogeco.com. The following update should be read together with the uncertainties and main risk factors described in the 2014 Annual Report, which are hereby incorporated by reference.

Following a regulatory policy proceeding launched in April of last year respecting Canadian television broadcasting and distribution (the « *Let's Talk TV Proceeding* »), the CRTC has issued a series of regulatory policy statements that provide for a number of major changes to the regulatory framework for television broadcasting and distribution in Canada.

More particularly, changes provided for in Broadcasting Regulatory Policy CRTC 2015-96 (« BRP 2015-96 ») include the obligation for operators of licensed broadcasting distribution undertakings (« BDUs ») to offer to all their customers:

- a small entry-level service by March 2016 at a monthly retail price of not more than \$25;
- all discretionary programming channels, whether Canadian or non-Canadian, either on a pick and-pay basis or in small reasonably priced packages such as theme and pick packs by March 2016, and in both these configurations by December 2016; and
- a preponderance of Canadian television services, but customers will be free to ultimately choose how many and which Canadian or non-Canadian discretionary channels they wish to receive beyond the entry-level service offering.

Except for the \$25 maximum monthly retail price for the entry-level service, retail prices charged by BDUs remain unregulated. BDUs are also permitted to offer additional alternative entry-level service that includes other discretionary services as they do now.

The CRTC states that it will initiate a follow-up process to broaden the exemption order for terrestrial BDUs to allow BDUs with fewer than 20,000 subscribers to enter and compete in markets with licensed BDUs.

The CRTC has also initiated two follow-up proceedings dealing respectively with proposals for:

- a) a tighter and binding Wholesale Code containing standard and binding regulatory requirements, including specific requirements applicable to vertically integrated groups; and
- b) a new Television Service Provider Code that will govern the relationship between BDUs and their customers.

Management considers that these changes to the regulatory framework for television broadcasting and distribution announced by the CRTC are largely in line with the submissions made by Cogeco Cable as part of the *Let's Talk TV Proceeding* and that, going forward, they should provide a sound basis for the pursuit of Cogeco Cable's television programming distribution activities in Canada through improved customer satisfaction and improved protection against restrictive, abusive or unfair affiliation agreement terms imposed by vertically integrated broadcasting groups. It is however too early at this time to have a clear view of the impact of these changes on overall subscriptions to television services and packages offered by BDUs or their related average revenue per user (« ARPU »).

In the United States, the *Federal Communications Commission* (« FCC ») has issued its decision on network neutrality. While this decision may be the subject of further regulatory requirements or legal challenges down the line, management considers that it will not in its present form materially affect the cable activities of Atlantic Broadband.

FUTURE ACCOUNTING DEVELOPMENTS IN CANADA

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board ("IASB") are effective for annual periods starting on or after January 1, 2014 and have been applied in preparing the condensed interim consolidated financial statements for the three and nine-month periods ended May 31, 2015.

NEW ACCOUNTING STANDARDS

The following standards issued by the IASB were adopted by the Corporation on September 1, 2014 and had no effect on the financial performance of the Corporation:

- Amendments to IAS 19 *Defined Benefits Plans: Employee Contributions* which applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- IFRIC 21 *Levies* which sets out the accounting for an obligation to pay a levy that is not income taxes. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized.

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, 2014. A description of the Corporation's policies and estimates can be found in the 2014 Annual Report, available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

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", "adjusted EBITDA", "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 flows 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 taxes, 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:

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Cash flow from operating activities	197,279	184,435	417,596	429,173
Changes in non-cash operating activities	(28,754)	(15,397)	105,273	77,388
Amortization of deferred transaction costs and discounts on long-term debt	2,114	1,898	6,226	5,628
Income taxes paid	17,903	15,995	52,624	53,538
Current income taxes	(22,887)	(22,162)	(62,797)	(68,932)
Financial expense paid	49,651	42,864	111,267	103,582
Financial expense	(35,743)	(32,038)	(106,995)	(97,505)
Cash flow from operations	179,563	175,595	523,194	502,872

Free cash flow is calculated as follows:

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Cash flow from operations	179,563	175,595	523,194	502,872
Acquisition of property, plant and equipment	(99,577)	(79,509)	(297,803)	(236,675)
Acquisition of intangible and other assets	(4,141)	(4,943)	(11,471)	(13,672)
Free cash flow	75,845	91,143	213,920	252,525

ADJUSTED EBITDA AND OPERATING MARGIN

Adjusted EBITDA and operating margin are benchmarks commonly used in the telecommunications industry, as they allow comparisons with companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA evolution assesses Cogeco Cable's ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its debt. Adjusted EBITDA is a proxy for cash flow from operations. Consequently, adjusted EBITDA is one of the key metrics used by the financial community to value the business and its financial strength. Operating margin is calculated by dividing adjusted EBITDA by revenue.

The most comparable IFRS financial measure is profit for the period. Adjusted EBITDA and operating margin are calculated as follows:

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in thousands of dollars, except percentages)</i>	\$	\$	\$	\$
Profit for the period	64,149	35,514	179,764	145,593
Income taxes	17,851	8,801	48,321	36,912
Financial expense	35,743	32,038	106,995	97,505
Impairment of property, plant and equipment	—	32,197	—	32,197
Depreciation and amortization	116,351	117,653	347,799	346,540
Integration, restructuring and acquisitions costs	5,669	3,186	7,008	3,780
Adjusted EBITDA	239,763	229,389	689,887	662,527
Revenue	516,426	496,448	1,522,897	1,457,436
Operating margin	46.4%	46.2%	45.3%	45.5%

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:

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in thousands of dollars, except percentages)</i>	\$	\$	\$	\$
Acquisition of property, plant and equipment	99,577	79,509	297,803	236,675
Acquisition of intangible and other assets	4,141	4,943	11,471	13,672
Total capital expenditures	103,718	84,452	309,274	250,347
Revenue	516,426	496,448	1,522,897	1,457,436
Capital intensity	20.1%	17.0%	20.3%	17.2%

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Three months ended <i>(in thousands of dollars, except percentages and per share data)</i>	May 31,		February 28,		November 30,		August 31,	
	2015	2014	2015	2014	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	516,426	496,448	509,470	486,008	497,001	474,890	490,155	470,386
Adjusted EBITDA	239,763	229,389	231,264	221,616	218,860	211,522	230,830	222,539
Operating margin	46.4%	46.2%	45.4%	45.6%	44.0%	44.5%	47.1%	47.3%
Impairment of property, plant and equipment	—	32,197	—	—	—	—	3,296	—
Income taxes	17,851	8,801	18,640	14,838	11,830	13,273	16,272	11,159
Profit for the period	64,149	35,514	58,906	60,381	56,709	49,698	63,848	43,870
Cash flow from operating activities	197,279	184,435	198,195	181,628	22,122	63,110	329,195	228,230
Cash flow from operations	179,563	175,595	175,809	174,013	167,822	153,264	187,276	161,581
Acquisitions of property, plant and equipment, intangible and other assets	103,718	84,452	102,673	80,806	102,883	85,089	165,125	108,095
Free cash flow	75,845	91,143	73,136	93,207	64,939	68,175	22,151	53,486
Capital intensity	20.1%	17.0%	20.2%	16.6%	20.7%	17.9%	33.7%	23.0%
Earnings per share ⁽¹⁾								
Basic	1.31	0.73	1.21	1.24	1.16	1.02	1.31	0.90
Diluted	1.30	0.72	1.19	1.23	1.15	1.01	1.30	0.89

(1) Per multiple and subordinate voting share.

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 segments, the number of customers in the Television services and HSI services 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 and Delaware in United States. In the American cable services segment, the Miami region is also subject to seasonal fluctuations due to winter season residents returning home from late spring through the fall. Furthermore, the second, third and fourth quarters' operating margins are 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 was reached in the first quarter of fiscal 2015, Cogeco Cable will not pay any management fees for the remainder of the year. In fiscal 2014, as the maximum amount was paid in the first six months, Cogeco Cable paid no management fees in the second half of the year.

ADDITIONAL INFORMATION

This MD&A was prepared on July 14, 2015. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com or the Corporation's website at corpo.cogeco.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
July 14, 2015



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month and nine-month periods ended May 31, 2015

COGECO CABLE INC.
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(unaudited)

		Three months ended May 31,		Nine months ended May 31,	
	Notes	2015	2014	2015	2014
<i>(In thousands of Canadian dollars, except per share data)</i>		\$	\$	\$	\$
Revenue		516,426	496,448	1,522,897	1,457,436
Operating expenses	4	276,663	267,059	823,133	785,235
Management fees – COGECO Inc.		—	—	9,877	9,674
Integration, restructuring and acquisition costs	3	5,669	3,186	7,008	3,780
Depreciation and amortization	5	116,351	117,653	347,799	346,540
Impairment of property, plant and equipment	3	—	32,197	—	32,197
Financial expense	6	35,743	32,038	106,995	97,505
Income taxes	7	17,851	8,801	48,321	36,912
Profit for the period		64,149	35,514	179,764	145,593
Earnings per share	8				
Basic		1.31	0.73	3.68	2.99
Diluted		1.30	0.72	3.64	2.96

COGECO CABLE INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	64,149	35,514	179,764	145,593
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
<i>Cash flow hedging adjustments</i>				
Net change in fair value of hedging derivative financial instruments	(1,878)	(4,919)	29,909	5,324
Net change in fair value of hedging derivative financial instruments reclassified to financial expense	1,254	4,408	(29,716)	(5,928)
Related income taxes	257	178	(169)	(120)
	(367)	(333)	24	(724)
<i>Foreign currency translation adjustments</i>				
Net foreign currency translation differences on net investments in foreign operations	(4,819)	(14,392)	101,205	23,087
Net changes in unrealized adjustments on translation of long-term debt designated as hedges of net investments in foreign operations	3,036	8,524	(63,191)	(13,234)
	(1,783)	(5,868)	38,014	9,853
	(2,150)	(6,201)	38,038	9,129
Items not to be subsequently reclassified to profit or loss				
<i>Defined benefit plans actuarial adjustments</i>				
Remeasurement of net defined benefit pension plan liability	1,770	103	(1,611)	770
Related income taxes	(482)	(27)	427	(207)
	1,288	76	(1,184)	563
Other comprehensive income (loss) for the period	(862)	(6,125)	36,854	9,692
Comprehensive income for the period	63,287	29,389	216,618	155,285

COGECO CABLE INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

	Share capital	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$
	<i>(Note 10)</i>		<i>(Note 11)</i>		
Balance at August 31, 2013	992,673	10,884	19,102	320,281	1,342,940
Profit for the period	—	—	—	145,593	145,593
Other comprehensive income for the period	—	—	9,129	563	9,692
Comprehensive income for the period	—	—	9,129	146,156	155,285
Issuance of subordinate voting shares under the Stock Option Plan	4,981	—	—	—	4,981
Share-based payment	—	4,318	—	—	4,318
Share-based payment previously recorded in share-based payment reserve for options exercised	1,530	(1,530)	—	—	—
Dividends on multiple voting shares (Note 10 C))	—	—	—	(14,122)	(14,122)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(29,738)	(29,738)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	(6,934)	—	—	—	(6,934)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	3,117	(3,151)	—	34	—
Total contributions by (distributions to) shareholders	2,694	(363)	—	(43,826)	(41,495)
Balance at May 31, 2014	995,367	10,521	28,231	422,611	1,456,730
Balance at August 31, 2014	997,144	11,280	28,325	471,507	1,508,256
Profit for the period	—	—	—	179,764	179,764
Other comprehensive income (loss) for the period	—	—	38,038	(1,184)	36,854
Comprehensive income for the period	—	—	38,038	178,580	216,618
Issuance of subordinate voting shares under the Stock Option Plan	5,577	—	—	—	5,577
Share-based payment	—	5,098	—	—	5,098
Share-based payment previously recorded in share-based payment reserve for options exercised	1,391	(1,391)	—	—	—
Dividends on multiple voting shares (Note 10 C))	—	—	—	(16,476)	(16,476)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(34,841)	(34,841)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	(6,425)	—	—	—	(6,425)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	3,576	(3,650)	—	74	—
Total contributions by (distributions to) shareholders	4,119	57	—	(51,243)	(47,067)
Balance at May 31, 2015	1,001,263	11,337	66,363	598,844	1,677,807

COGECO CABLE INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

	Notes	May 31, 2015	August 31, 2014
<i>(In thousands of Canadian dollars)</i>		\$	\$
Assets			
Current			
Cash and cash equivalents		73,307	63,831
Trade and other receivables		94,268	95,514
Income taxes receivable		15,213	21,714
Prepaid expenses and other		18,811	16,117
Derivative financial instruments		36,124	—
		237,723	197,176
Non-current			
Other assets		10,208	11,203
Property, plant and equipment		1,883,871	1,830,971
Intangible assets		1,975,100	1,894,846
Goodwill		1,343,420	1,220,529
Derivative financial instruments		—	6,132
Deferred tax assets		12,134	12,884
		5,462,456	5,173,741
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		11,705	—
Trade and other payables		193,025	313,560
Provisions		22,384	15,987
Income tax liabilities		49,639	47,483
Deferred and prepaid revenue		58,271	55,376
Derivative financial instruments		83	—
Current portion of long-term debt	9	271,608	32,323
		606,715	464,729
Non-current			
Long-term debt	9	2,646,811	2,686,191
Deferred and prepaid revenue and other liabilities		26,704	23,710
Pension plan liabilities and accrued employees benefits		5,222	6,260
Deferred tax liabilities		499,197	484,595
		3,784,649	3,665,485
Shareholders' equity			
Share capital	10 B)	1,001,263	997,144
Share-based payment reserve		11,337	11,280
Accumulated other comprehensive income	11	66,363	28,325
Retained earnings		598,844	471,507
		1,677,807	1,508,256
		5,462,456	5,173,741

COGECO CABLE INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Three months ended May 31,		Nine months ended May 31,	
	Notes	2015	2014	2015	2014
<i>(In thousands of Canadian dollars)</i>		\$	\$	\$	\$
Cash flow from operating activities					
Profit for the period		64,149	35,514	179,764	145,593
Adjustments for:					
Depreciation and amortization	5	116,351	117,653	347,799	346,540
Impairment of property, plant and equipment	3	—	32,197	—	32,197
Financial expense	6	35,743	32,038	106,995	97,505
Income taxes	7	17,851	8,801	48,321	36,912
Share-based payment	10 D)	1,592	2,015	4,892	4,982
Loss on disposals and write-offs of property, plant and equipment		137	770	1,550	2,065
Defined benefit plans contributions, net of expense		256	(1,091)	(2,561)	(2,113)
		236,079	227,897	686,760	663,681
Changes in non-cash operating activities	12	28,754	15,397	(105,273)	(77,388)
Financial expense paid		(49,651)	(42,864)	(111,267)	(103,582)
Income taxes paid		(17,903)	(15,995)	(52,624)	(53,538)
		197,279	184,435	417,596	429,173
Cash flow from investing activities					
Acquisition of property, plant and equipment		(99,577)	(79,509)	(297,803)	(236,675)
Acquisition of intangible and other assets		(4,141)	(4,943)	(11,471)	(13,672)
Other		777	25	1,041	605
		(102,941)	(84,427)	(308,233)	(249,742)
Cash flow from financing activities					
Increase (decrease) in bank indebtedness		(4,140)	7,812	11,705	(3,726)
Net decreases under the revolving facilities		(9,522)	(112,640)	(33,964)	(128,239)
Repayments of long-term debt		(7,854)	(4,813)	(28,200)	(10,851)
Increase in deferred transaction costs		—	—	(480)	(1,241)
Issuance of subordinate voting shares	10 B)	26	553	5,577	4,981
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	10 B)	—	—	(6,425)	(6,934)
Dividends paid on multiple voting shares	10 C)	(5,492)	(4,707)	(16,476)	(14,122)
Dividends paid on subordinate voting shares	10 C)	(11,633)	(9,924)	(34,841)	(29,738)
		(38,615)	(123,719)	(103,104)	(189,870)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		(331)	(535)	3,217	1,390
Net change in cash and cash equivalents		55,392	(24,246)	9,476	(9,049)
Cash and cash equivalents, beginning of the period		17,915	54,772	63,831	39,575
Cash and cash equivalents, end of the period		73,307	30,526	73,307	30,526

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

NATURE OF OPERATIONS

Cogeco Cable Inc. (the "Corporation" or the "Parent Corporation") is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol CCA. The Corporation's core business through its subsidiaries is providing Cable Television, High Speed Internet ("HSI"), Telephony, information technology and other telecommunications services to its residential and commercial customers in Canada, in the United States of America ("United States"), and in Europe, mostly in the United Kingdom ("UK") (see Note 3 for a detailed description of operations).

The Corporation is a subsidiary of COGECO Inc., which holds 31.9% of the Corporation's equity shares, representing 82.4% of the votes attached to the Corporation's voting shares.

The Corporation's registered office is located at 5 Place Ville Marie, Suite 1700, Montréal, Québec, H3B 0B3.

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and do not include all the information required for annual financial statements. Certain information and footnote disclosure included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Corporation's interim financial information. As such, these condensed interim consolidated financial statements should be read in conjunction with the Corporation's 2014 annual consolidated financial statements.

These condensed interim consolidated financial statements have been prepared with the accounting policies the Corporation adopted in its 2014 annual consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the condensed interim consolidated financial statements unless otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis using historical cost, except for financial instruments and derivative financial instruments, cash-settled share-based payment arrangements and pension plan assets, which are measured at fair value, and for the defined benefit obligation and provisions, which are measured at present value.

Financial information is presented in Canadian dollars, which is the functional currency of the Corporation.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Corporation does not expect seasonality to be a material factor in quarterly results except that in the Canadian and American cable services segments, the number of customers in the Television services and HSI services 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 and Delaware in United States. In the American cable services segment, the Miami region is also subject to seasonal fluctuations due to winter season residents returning home from late spring through the fall. Furthermore, the second, third and fourth quarters' operating margins are usually higher as very low or no management fees are paid to COGECO Inc. Under the Management Agreement, the Corporation pays a fee equal to 2% of its total revenue subject to a maximum amount. As the maximum amount was reached in the first quarter of fiscal 2015, the Corporation will not pay any management fees for the remainder of the year.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Corporation at its meeting held on July 14, 2015.

2. ACCOUNTING POLICY DEVELOPMENTS

As described in Note 4 of the audited consolidated financial statements for the year ended August 31, 2014, the following standards issued by the International Accounting Standard Board ("IASB") were adopted by the Corporation on September 1, 2014 and have no effect on the financial performance of the Corporation:

- Amendments to IAS 19 *Defined Benefits Plans: Employee Contributions* which applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary; and
- IFRIC 21 *Levies* which sets out the accounting for an obligation to pay a levy that is not income taxes. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

3. OPERATING SEGMENTS

The Corporation's segment profit (loss) for the period is reported in three operating segments: Canadian cable services, American cable services and Enterprise data services.

The Canadian and American cable services segments provide a wide range of Television, HSI and Telephony services primarily to residential customers in Canada and in the United States. The Canadian and American cable services segments also provide business services, including Television, HSI, Telephony and advanced services to small and medium sized businesses across their coverage areas.

The Enterprise data services segment provides, data transport, colocation, cloud and managed services and dedicated hosting to small, medium and large enterprises and public sector customers. The activities of the Enterprise data services segment are carried out in Canada, the United States and Europe, mostly in the UK.

The Corporation assesses the performance of each operating segment based on its profit or loss. Financial expense and income taxes are managed on a consolidated basis and, accordingly, are not reflected in segmented results. The inter-segment eliminations and other eliminate any intercompany transactions included in each segment operating results and include head office activities. Transactions between operating segments are measured at the amounts agreed to between the parties.

Three months ended May 31, 2015					
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	317,486	121,135	78,475	(670)	516,426
Operating expenses	153,797	68,763	51,546	2,557	276,663
Integration, restructuring and acquisition costs ⁽²⁾	—	304	5,365	—	5,669
Depreciation and amortization	59,599	25,851	30,829	72	116,351
Segment profit (loss)	104,090	26,217	(9,265)	(3,299)	117,743
Financial expense					35,743
Income taxes					17,851
Profit for the period					64,149
Acquisition of property, plant and equipment	53,981	17,375	28,221	—	99,577
Acquisition of intangible and other assets	2,665	695	781	—	4,141

(1) Revenue by geographic market include \$357,306 in Canada, \$149,233 in the United States and \$9,887 in Europe.

(2) Comprised of acquisition costs in the American cable services segment and restructuring costs related to the combination of Cogeco Data Services and Peer 1 Hosting into one business unit in the Enterprise data services segment.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

Three months ended May 31, 2014					
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	\$	\$	\$	\$	\$
Revenue⁽¹⁾	317,072	101,435	78,573	(632)	496,448
Operating expenses	153,337	56,610	54,407	2,705	267,059
Integration, restructuring and acquisition costs	1,663	11	1,512	—	3,186
Depreciation and amortization	60,155	25,778	31,720	—	117,653
Impairment of property, plant and equipment ⁽²⁾	32,197	—	—	—	32,197
Segment profit (loss)	69,720	19,036	(9,066)	(3,337)	76,353
Financial expense					32,038
Income taxes					8,801
Profit for the period					35,514
Acquisition of property, plant and equipment	39,587	22,921	17,001	—	79,509
Acquisition of intangible and other assets	2,868	500	1,575	—	4,943

(1) Revenue by geographic market include \$356,553 in Canada, \$129,833 in the United States and \$10,062 in Europe.

(2) Recognized during the third quarter of fiscal 2014 by the Corporation's subsidiary, Cogeco Cable Canada, as a result of unexpected performance issues related to an Internet Protocol Television ("IPTV") platform it was developing.

Nine months ended May 31, 2015					
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	\$	\$	\$	\$	\$
Revenue⁽¹⁾	946,674	343,741	234,587	(2,105)	1,522,897
Operating expenses	464,119	194,613	153,280	11,121	823,133
Management fees – COGECO Inc.	—	—	—	9,877	9,877
Integration, restructuring and acquisition costs ⁽²⁾	—	304	6,704	—	7,008
Depreciation and amortization	178,883	73,545	95,071	300	347,799
Segment profit (loss)	303,672	75,279	(20,468)	(23,403)	335,080
Financial expense					106,995
Income taxes					48,321
Profit for the period					179,764
Property, plant and equipment ⁽³⁾	1,087,710	365,409	429,625	1,127	1,883,871
Intangible assets ⁽³⁾	989,578	838,733	146,789	—	1,975,100
Goodwill ⁽³⁾	4,662	653,590	685,168	—	1,343,420
Acquisition of property, plant and equipment	152,113	58,974	86,714	2	297,803
Acquisition of intangible and other assets	8,134	2,023	1,314	—	11,471

(1) Revenue by geographic market include \$1,063,685 in Canada, \$429,226 in the United States and \$29,986 in Europe.

(2) Comprised of acquisition costs in the American cable services segment and restructuring costs related to the combination of Cogeco Data Services and Peer 1 Hosting into one business unit in the Enterprise data services segment.

(3) At May 31, 2015.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

Nine months ended May 31, 2014					
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	\$	\$	\$	\$	\$
Revenue⁽¹⁾	939,750	292,032	227,284	(1,630)	1,457,436
Operating expenses	463,882	162,396	150,062	8,895	785,235
Management fees – COGECO Inc.	—	—	—	9,674	9,674
Integration, restructuring and acquisition costs	1,663	527	1,590	—	3,780
Depreciation and amortization	177,738	73,210	95,592	—	346,540
Impairment of property, plant and equipment ⁽²⁾	32,197	—	—	—	32,197
Segment profit (loss)	264,270	55,899	(19,960)	(20,199)	280,010
Financial expense					97,505
Income taxes					36,912
Profit for the period					145,593
Property, plant and equipment ⁽³⁾	1,106,443	318,022	405,097	1,409	1,830,971
Intangible assets ⁽³⁾	990,487	746,700	157,659	—	1,894,846
Goodwill ⁽³⁾	4,662	571,399	644,468	—	1,220,529
Acquisition of property, plant and equipment	120,880	51,364	64,431	—	236,675
Acquisition of intangible and other assets	9,166	1,347	3,159	—	13,672

(1) Revenue by geographic market include \$1,053,427 in Canada, \$376,042 in the United States and \$27,967 in Europe.

(2) Recognized during the third quarter of fiscal 2014 by the Corporation's subsidiary, Cogeco Cable Canada, as a result of unexpected performance issues related to an IPTV platform it was developing.

(3) At August 31, 2014.

The following tables set out certain geographic information at May 31, 2015 and August 31, 2014:

At May 31, 2015				
	Canada	United States	Europe	Total
	\$	\$	\$	\$
Property, plant and equipment	1,403,246	432,157	48,468	1,883,871
Intangible assets	1,065,292	899,891	9,917	1,975,100
Goodwill	333,710	955,474	54,236	1,343,420

At August 31, 2014				
	Canada	United States	Europe	Total
	\$	\$	\$	\$
Property, plant and equipment	1,389,746	389,112	52,113	1,830,971
Intangible assets	1,076,422	807,274	11,150	1,894,846
Goodwill	333,710	835,319	51,500	1,220,529

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

4. OPERATING EXPENSES

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries, employee benefits and outsourced services	85,925	83,075	253,360	240,331
Service delivery costs ⁽¹⁾	149,641	141,328	439,837	422,495
Customer related costs ⁽²⁾	15,245	17,522	50,351	50,965
Other external purchases ⁽³⁾	25,852	25,134	79,585	71,444
	276,663	267,059	823,133	785,235

- (1) Include cost of equipment sold, content and programming costs, payments to other carriers, data centre expenses, franchise fees and network costs.
(2) Include advertising and marketing expenses, selling costs, billing expenses, bad debts and collection expenses.
(3) Include office building expenses, professional service fees, Canadian Radio-television and Telecommunications Commission ("CRTC") fees and other administrative expenses.

5. DEPRECIATION AND AMORTIZATION

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Depreciation of property, plant and equipment	100,264	102,248	300,525	299,775
Amortization of intangible assets	16,087	15,405	47,274	46,765
	116,351	117,653	347,799	346,540

6. FINANCIAL EXPENSE

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Interest on long-term debt	33,153	31,817	97,934	95,582
Net foreign exchange losses (gains)	621	(351)	1,783	(418)
Amortization of deferred transaction costs	566	425	1,704	1,272
Capitalized borrowing costs ⁽¹⁾	(117)	(867)	(258)	(2,232)
Other	1,520	1,014	5,832	3,301
	35,743	32,038	106,995	97,505

- (1) For the three and nine-month periods ended May 31, 2015 and 2014, the weighted average interest rate used for the capitalization of borrowing costs was 4.5%.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

7. INCOME TAXES

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Current	22,887	22,162	62,797	68,932
Deferred	(5,036)	(13,361)	(14,476)	(32,020)
	17,851	8,801	48,321	36,912

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

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit before income taxes	82,000	44,315	228,085	182,505
Combined income tax rate	26.70%	25.80%	26.57%	26.61%
Income tax at combined income tax rate	21,895	11,433	60,601	48,564
Adjustment for losses or profit subject to lower or higher tax rates	695	1,726	3,530	1,770
Income taxes arising from non-deductible expenses	110	1,358	1,673	85
Tax impacts related to investments in foreign operations	(4,692)	(4,928)	(13,466)	(13,445)
Other	(157)	(788)	(4,017)	(62)
Income taxes at effective income tax rate	17,851	8,801	48,321	36,912

8. EARNINGS PER SHARE

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

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit for the period	64,149	35,514	179,764	145,593
Weighted average number of multiple and subordinate voting shares outstanding	48,934,965	48,767,121	48,869,617	48,720,853
Effect of dilutive stock options ⁽¹⁾	232,012	227,844	251,438	179,779
Effect of dilutive incentive share units	236,652	268,452	244,804	261,397
Effect of dilutive performance share units	51,627	—	40,831	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	49,455,256	49,263,417	49,406,690	49,162,029
Earnings per share				
Basic	1.31	0.73	3.68	2.99
Diluted	1.30	0.72	3.64	2.96

(1) For the three and nine-month periods ended May 31, 2015, 1,100 stock options were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

COGECO CABLE INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2015

(unaudited)

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

9. LONG-TERM DEBT

	Maturity	Interest rate	May 31, 2015	August 31, 2014
		%	\$	\$
Parent Corporation				
Term Revolving Facility ⁽¹⁾				
Canadian Revolving Facility				
Revolving loan – US\$70.5 million	January 2020	1.63 ^{(2) (3)}	87,681	76,654
Revolving loan – £54.4 million (£55.6 million at August 31, 2014)	January 2020	1.96 ⁽²⁾	103,420	100,369
Senior Secured Notes				
Series A – US\$25 million	September 2024	4.14	30,952	27,033
Series B – US\$150 million	September 2026	4.29	185,701	162,196
Senior Secured Notes				
Series A – US\$190 million	October 2015	7.00 ⁽⁴⁾	236,184	206,201
Series B	October 2018	7.60	54,774	54,729
Senior Secured Notes – US\$215 million	June 2025	4.30	266,052	232,347
Senior Secured Debentures Series 2	November 2020	5.15	198,962	198,839
Senior Secured Debentures Series 3	February 2022	4.93	198,661	198,537
Senior Secured Debentures Series 4	May 2023	4.18	297,444	297,244
Senior Unsecured Debenture	March 2018	5.94	99,892	99,864
Senior Unsecured Notes – US\$400 million	May 2020	4.88	491,702	428,370
Subsidiaries				
First Lien Credit Facilities				
Term Loan A Facility – US\$151 million (US\$166 million at August 31, 2014)	November 2017	2.06 ⁽²⁾⁽³⁾	185,034	177,150
Term Loan B Facility – US\$369.4 million (US\$377.65 million at August 31, 2014)	November 2019	3.25 ⁽²⁾	447,097	398,211
Revolving Facility – US\$21 million (US\$50 million at August 31, 2014)	November 2017	2.06 ⁽²⁾	26,118	54,365
Term Revolving Facility ⁽¹⁾				
UK Revolving Facility – £4.6 million (£3.1 million at August 31, 2014)	January 2020	1.95 ⁽²⁾	8,745	5,596
Finance leases	March 2015	3.34 ⁽⁵⁾	—	809
			2,918,419	2,718,514
Less current portion			271,608	32,323
			2,646,811	2,686,191

(1) On December 12, 2014, the Corporation amended its Term Revolving Facility resulting in the extension of the maturity date by an additional year until January 22, 2020.

(2) Interest rate on debt includes applicable margin.

(3) At May 31, 2015, interest rate swap agreements have resulted in an effective interest rate of 1.85% on a notional amount of US\$70.5 million of Term Revolving Facility and of 2.27% on a notional amount of US\$129.5 million of Term Loan A Facility, including applicable margin.

(4) Cross-currency swap agreements have resulted in an effective interest rate of 7.24% on the Canadian dollar equivalent of the US denominated debt.

(5) Weighted average interest rate on finance leases at August 31, 2014.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

10. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

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

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

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	May 31, 2015	August 31, 2014
	\$	\$
15,691,100 multiple voting shares	98,346	98,346
33,532,962 subordinate voting shares (33,394,631 at August 31, 2014)	918,035	911,067
	1,016,381	1,009,413
284,206 subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans (259,424 at August 31, 2014)	(15,118)	(12,269)
	1,001,263	997,144

During the first nine months of fiscal 2015, subordinate voting share transactions were as follows:

	Number of shares	Amount
		\$
Balance at August 31, 2014	33,394,631	911,067
Shares issued for cash under the Stock Option Plan	138,331	5,577
Compensation expense previously recorded in share-based payment reserve for options exercised	—	1,391
Balance at May 31, 2015	33,532,962	918,035

During the first nine months of fiscal 2015, subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans transactions were as follows:

	Number of shares	Amount
		\$
Balance at August 31, 2014	259,424	12,269
Subordinate voting shares acquired	100,395	6,425
Subordinate voting shares distributed to employees	(75,613)	(3,576)
Balance at May 31, 2015	284,206	15,118

C) DIVIDENDS

For the nine-month period ended May 31, 2015, quarterly eligible dividends of \$0.35 per share, for a total of \$1.05 per share, were paid to the holders of multiple and subordinate voting shares, totaling \$51.3 million, compared to quarterly eligible dividends of \$0.30 per share, for a total of \$0.90 per share or \$43.9 million for the nine-month period ended May 31, 2014.

At its July 14, 2015 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of \$0.35 per share for multiple voting and subordinate voting shares, payable on August 11, 2015, to shareholders of record on July 28, 2015.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

D) SHARE-BASED PAYMENTS PLANS

The Corporation offers to its executive officers and designated employees a Stock Option Plan, which is described in the Corporation's annual consolidated financial statements.

Under the Stock Option Plan, the following options were granted by the Corporation and are outstanding at May 31, 2015:

	Options	Weighted average exercise price \$
Outstanding at August 31, 2014	730,702	42.66
Granted ⁽¹⁾	183,600	61.70
Exercised ⁽²⁾	(138,331)	40.32
Cancelled	(48,918)	52.97
Outstanding at May 31, 2015	727,053	47.22
Exercisable at May 31, 2015	247,522	38.25

(1) During the nine-month period ended May 31, 2015, the Corporation granted 61,300 (84,250 in 2014) stock options to COGECO Inc.'s executive officers who are also executive officers of Cogeco Cable Inc.

(2) The weighted average share price for options exercised during the period was \$72.06 (\$51.91 in 2014).

During the three and nine-month periods ended May 31, 2015, the Corporation charged COGECO Inc. amounts of \$128,000 and \$355,000 (\$124,000 and \$286,000 in 2014) with respect to the Corporation's options granted to COGECO Inc.'s executive officers. As a result, a compensation expense of \$222,000 and \$611,000 (\$177,000 and \$534,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015.

The weighted average fair value of stock options granted for the nine-month period ended May 31, 2015 was \$11.78 (\$10.56 in 2014) per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining stock-based compensation expense using the Black-Scholes option pricing model based on the following assumptions:

	2015 %	2014 %
Expected dividend yield	1.96	2.05
Expected volatility	22.88	24.87
Risk-free interest rate	1.62	1.87
Expected life in years	6.2	6.3

The Corporation also offers to its executive officers and designated employee an Incentive Share Unit Plan ("ISU Plan"), which is described in the Corporation's annual consolidated financial statements.

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at May 31, 2015:

Outstanding at August 31, 2014	247,279
Granted ⁽¹⁾	56,256
Distributed	(65,660)
Cancelled	(4,939)
Outstanding at May 31, 2015	232,936

(1) During the nine-month period ended May 31, 2015, the Corporation did not grant (12,550 in 2014) ISUs to COGECO Inc.'s executive officers who are also executive officers of Cogeco Cable Inc.

A compensation expense of \$1,114,000 and \$3,292,000 (\$1,208,000 and \$3,058,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015 related to this plan. During the three and nine-month periods ended May 31, 2015, the Corporation charged COGECO Inc. amounts of \$72,000 and \$232,000 (\$122,000 and \$440,000 in 2014) with respect to the Corporation's ISUs granted in previous years to COGECO Inc.'s executive officers.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

In October 2014, the Corporation introduced a Performance Share Unit Plan ("PSU Plan") for executive officers and designated employees. The objectives of the PSU Plan are to retain employees, to align their interests with those of the shareholders and to sustain positive corporate performance, as measured by the Enterprise Value Creation model. The number of Performance Share Units ("PSUs") is based on the dollar value of the award and the average closing stock price of the Corporation for the previous twelve month period ending August 31. The PSUs vest over a three-year less one day period, based on the level of increase in the Enterprise Value of the Corporation or the relevant subsidiary or controlled entity for the preceding three-year period ending August 31, meaning that no vesting will occur if there is no increase in the Enterprise Value. The participants are entitled to receive dividend equivalents in the form of additional PSUs but only with respect to vested PSUs. PSUs are redeemable in case of death, normal retirement or termination of employment not for cause.

Under the PSU Plan, the following PSUs were issued by the Corporation and are outstanding at May 31, 2015:

Outstanding at August 31, 2014	—
Granted ⁽¹⁾	55,250
Distributed	(617)
Cancelled	(6,064)
Dividend equivalents	803
Outstanding at May 31, 2015	49,372

(1) During the nine-month period ended May 31, 2015, the Corporation granted 11,050 PSUs to COGECO Inc.'s executive officers who are also executive officers of Cogeco Cable Inc.

A compensation expense of \$129,000 and \$477,000 was recorded for the three and nine-month periods ended May 31, 2015 related to this plan. During the three and nine-month periods ended May 31, 2015, the Corporation charged COGECO Inc. amounts of \$58,000 and \$131,000 with respect to the Corporation's PSUs granted to COGECO Inc.'s executive officers.

The Corporation offers a Deferred Share Unit Plan ("DSU Plan") for members of the Board of directors which is described in the Corporation's annual consolidated financial statements.

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at May 31, 2015:

Outstanding at August 31, 2014	31,609
Issued	3,412
Redeemed	(9,002)
Dividend equivalents	428
Outstanding at May 31, 2015	26,447

A compensation expense (reversal) of \$(131,000) and \$432,000 (\$384,000 and \$664,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015 for the increase (decrease) in liability related to this plan.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	\$	\$	\$
Balance at August 31, 2013	2,608	16,494	19,102
Other comprehensive income (loss)	(724)	9,853	9,129
Balance at May 31, 2014	1,884	26,347	28,231
Balance at August 31, 2014	1,296	27,029	28,325
Other comprehensive income	24	38,014	38,038
Balance at May 31, 2015	1,320	65,043	66,363

COGECO CABLE INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2015

(unaudited)

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

12. STATEMENTS OF CASH FLOWS

CHANGES IN NON-CASH OPERATING ACTIVITIES

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade and other receivables	10,834	2,393	1,083	(8,907)
Prepaid expenses and other	4,135	272	(2,056)	(3,570)
Trade and other payables	8,929	10,161	(110,531)	(72,000)
Provisions	3,441	(768)	3,053	2,938
Deferred and prepaid revenue and other liabilities	1,415	3,339	3,178	4,151
	28,754	15,397	(105,273)	(77,388)

13. EMPLOYEE BENEFITS

The Corporation and its subsidiaries offer their employees either contributory defined benefit pension plans, defined contribution pension plans or collective registered retirement savings plans, which are described in the Corporation's annual consolidated financial statements.

The total expense related to these plans is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Recognized in:				
Operating expenses				
Salaries, employee benefits and outsourced services				
Current service costs	2,570	2,100	8,041	7,765
Past service costs	—	—	—	555
Financial expense				
Other	40	67	121	217
	2,610	2,167	8,162	8,537

14. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate and foreign exchange risks which are described in the Corporation's annual consolidated financial statements.

Liquidity risk

At May 31, 2015, the Corporation had used \$205.1 million of its \$800 million amended and restated Term Revolving Facility for a remaining availability of \$594.9 million. In addition, two subsidiaries of the Corporation also benefit from a Revolving Facility of \$186.6 million (US\$150 million), of which \$28.3 million (US\$22.7 million) was used at May 31, 2015 for a remaining availability of \$158.3 million (US\$127.3 million).

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

Interest rate risk

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At May 31, 2015, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

The following table shows the interest rate swaps outstanding at May 31, 2015:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US\$200 million	US Libor base rate	0.39625%	July 25, 2015	US\$70.5 million of Term Revolving Facility US\$129.5 million of Term Loan A Facility

The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to these facilities is approximately \$3.6 million based on the current debt at May 31, 2015.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk related to its long-term debt denominated in US dollars that is not designated as a hedge on its US dollar net investments. In order to mitigate this risk, the Corporation has established guidelines whereby cross-currency swap agreements can be used to fix the exchange rates applicable to its US dollar denominated long-term debt. All such agreements are exclusively used for hedging purposes. Accordingly, on October 2, 2008, Cogeco Cable entered into a cross-currency swap agreements to set the liability for interest and principal payments on its Senior Secured Notes Series A.

The following table shows the cross-currency swaps outstanding at May 31, 2015:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Exchange rate	Hedged item
Cash flow	US\$190 million	7.00% USD	7.24% CAD	October 1, 2015	1.0625	US\$190 million Senior Secured Notes Series A

A 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change financial expense by approximately \$6.9 million based on the outstanding debt at May 31, 2015.

The Corporation is also exposed to foreign exchange risk related to its forecasted purchase commitments of property, plant and equipment denominated in US dollars. In order to mitigate such risk, the Corporation has entered into foreign currency forward contracts during the third quarter of fiscal 2015 and designated them as hedges for accounting purposes. The following table shows the forward contracts outstanding at May 31, 2015 :

Type of hedge	Notional amount	Maturity	Exchange rate	Hedged item
Cash flow	US\$15.3 million	June - September 2015	1.2209 - 1.2223	Purchase commitments of property, plant and equipment

Furthermore, the Corporation's investments in foreign operations 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 Hosting were borrowed directly in US dollars and British Pounds.

The following table shows the investments in foreign operations outstanding at May 31, 2015:

Type of hedge	Notional amount of debt	Aggregate investments	Hedged item
Net investment	US\$860.5 million	US\$1.1 billion	Net investment in foreign operations in US dollar
Net investment	£54.4 million	£59.4 million	Net investment in foreign operations in British pound

The exchange rate used to convert the US dollar currency and British Pound currency into Canadian dollar for the statement of financial position accounts at May 31, 2015 was \$1.2437 per US dollar and \$1.9011 per British Pound. A 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change other comprehensive income by approximately \$30.7 million.

COGECO CABLE INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

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

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	May 31, 2015		August 31, 2014	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Long-term debt	2,918,419	3,054,591	2,718,514	2,843,548

All financial instruments recognized at fair value on the interim consolidated statement of financial position must be measured based on the three fair value hierarchy levels, which are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation considers that its long-term debt and derivative financial instruments are classified as Level 2 under the fair value hierarchy. The fair value of derivative financial instruments are estimated using valuation models that reflect projected future cash flows over contractual terms of the derivative financial instruments and observable market data, such as interest and currency exchange rate curves.

C) CAPITAL MANAGEMENT

At May 31, 2015 and August 31, 2014, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

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

	May 31, 2015	August 31, 2014
Net senior indebtedness ⁽¹⁾⁽²⁾ / adjusted EBITDA ⁽³⁾	2.2	2.1
Net indebtedness ⁽²⁾⁽⁴⁾ / adjusted EBITDA ⁽³⁾	3.0	2.9
Adjusted EBITDA ⁽³⁾ / financial expense ⁽³⁾	6.4	6.8

- (1) Net senior indebtedness is defined as the total of bank indebtedness, principal on long-term debt and derivative financial instruments, less cash and cash equivalents and principal on Senior Unsecured Debenture and Senior Unsecured Notes.
- (2) Excluding Atlantic Broadband and other non-significant unrestricted subsidiaries' cash and cash equivalents and non-recourse First Lien Credit Facilities.
- (3) Calculation based on adjusted EBITDA and financial expense for the twelve-month period ended May 31, 2015 and August 31, 2014 excluding Atlantic Broadband and other non-significant unrestricted subsidiaries.
- (4) Net indebtedness is defined as the total of bank indebtedness, principal on long-term debt and derivative financial instruments, less cash and cash equivalents.

15. SUBSEQUENT EVENT

On June 8, 2015, Atlantic Broadband, a wholly-owned subsidiary of Cogeco Cable Inc., entered into an agreement with MetroCast Communications of Connecticut, LLC ("MetroCast Connecticut") and its parent Harron Communications, L.P. to acquire substantially all of the assets of MetroCast Connecticut which serves about 23,000 Television, 22,000 High Speed Internet and 8,000 Telephony customers. The transaction is valued at US\$200 million, subject to customary closing adjustments, and expected to be financed through non-recourse debt financing at Atlantic Broadband. The transaction is subject to usual closing conditions, regulatory approvals and other customary conditions. The Corporation expects the transaction to close around September 1, 2015.

CUSTOMER STATISTICS

	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014
CONSOLIDATED					
Primary service units	2,448,755	2,451,156	2,453,272	2,442,184	2,452,118
Television service customers	998,043	1,004,481	1,014,629	1,023,094	1,034,991
HSI service customers	905,057	898,807	887,988	869,453	865,597
Telephony service customers	545,655	547,868	550,655	549,637	551,530
CANADA					
Primary service units	1,936,923	1,943,658	1,951,317	1,946,022	1,956,444
Television service customers	774,977	780,477	789,686	797,165	807,831
Penetration as a percentage of homes passed	46.7%	46.4%	46.8%	47.3%	47.9%
HSI service customers	700,090	698,247	692,911	679,584	676,802
Penetration as a percentage of homes passed	42.2%	41.5%	41.1%	40.3%	40.2%
Telephony service customers	461,856	464,934	468,720	469,273	471,811
Penetration as a percentage of homes passed	27.8%	27.6%	27.8%	27.8%	28.0%
UNITED STATES					
Primary service units	511,832	507,498	501,955	496,162	495,674
Television service customers	223,066	224,004	224,943	225,929	227,160
Penetration as a percentage of homes passed	42.9%	43.1%	43.5%	43.7%	43.8%
HSI service customers	204,967	200,560	195,077	189,869	188,795
Penetration as a percentage of homes passed	39.4%	38.6%	37.7%	36.7%	36.4%
Telephony service customers	83,799	82,934	81,935	80,364	79,719
Penetration as a percentage of homes passed	16.1%	16.0%	15.8%	15.5%	15.4%