SHAREHOLDERS' REPORT

Three and nine-month periods ended May 31, 2015

FINANCIAL HIGHLIGHTS

	Three months ended			Nine months ended		
(in thousands of dollars, except percentages and per share data)	**May 31, 2015**	May 31, 2014	Change	**May 31, 2015**	May 31, 2014	Change
	$	$	%	**$**	$	%
Operations						
Revenue	**557,787**	536,067	4.1	**1,633,074**	1,571,515	3.9
Adjusted EBITDA(1)	**246,977**	233,083	6.0	**710,029**	678,930	4.6
Impairment of property, plant and equipment	**—**	32,197	(100.0)	**—**	32,197	(100.0)
Profit for the period	**66,285**	35,635	86.0	**186,686**	150,941	23.7
Profit for the period attributable to owners of the Corporation	**22,584**	11,469	96.9	**64,225**	51,915	23.7
Cash Flow						
Cash flow from operating activities	**200,686**	184,706	8.7	**418,610**	432,552	(3.2)
Cash flow from operations(1)	**182,736**	176,491	3.5	**529,481**	509,128	4.0
Acquisitions of property, plant and equipment, intangible and other assets	**104,807**	84,960	23.4	**311,907**	253,537	23.0
Free cash flow(1)	**77,929**	91,531	(14.9)	**217,574**	255,591	(14.9)
Financial Condition(2)						
Property, plant and equipment				**1,904,392**	1,852,270	2.8
Total assets				**5,660,394**	5,367,730	5.5
Indebtedness(3)				**3,029,006**	2,848,040	6.4
Equity attributable to owners of the Corporation				**574,938**	513,965	11.9
Per Share Data(4)						
Earnings per share						
Basic	**1.35**	0.69	95.7	**3.84**	3.10	23.9
Diluted	**1.34**	0.68	97.1	**3.82**	3.08	24.0

(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, balance due on a business combination 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'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 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 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 currently expects. These factors include namely risks pertaining to markets and competition, technology, regulatory developments, operating costs, information systems, disasters or other contingencies, financial risks related to capital requirements, human resources, controlling shareholder and holding structure, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Corporation is under no obligation and does not undertake to update or alter this information at any particular time, except as may be required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three 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's objectives are to increase profitability and create shareholder value. The strategies employed to reach these objectives are specific to each segment. The main strategies used to reach COGECO's objectives in the Cable and Enterprise data services segment focus on expanding its service offering, 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 radio and out-of-home advertising activities focus on continuous improvement of its programming and on diversifying its product portfolio in order to increase its market share and thereby its profitability. The Corporation measures its performance, with regard to these objectives by monitoring adjusted EBITDA[(1)] and free cash flow[(1)].

KEY PERFORMANCE INDICATORS

ADJUSTED EBITDA

For the nine-month period ended May 31, 2015, adjusted EBITDA increased by 4.6% to reach $710.0 million compared to the same period of fiscal 2014. Progression in the adjusted EBITDA is mainly attributable to the financial results improvement from our Cable and Enterprise data services segment and media business activities combined with the favorable foreign exchange rates benefiting our foreign operations compared to the same period of last year.

FREE CASH FLOW

For the nine-month period ended May 31, 2015, COGECO reported free cash flow of $217.6 million, a decrease of $38.0 million compared to $255.6 million for the same period of the previous fiscal year. The decrease is mostly attributable to the increase in acquisitions of property, plant and equipment, partly offset by the improvement of adjusted EBITDA. In addition, as a result of the restructuring of Cogeco Cable's 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.

BUSINESS DEVELOPMENTS AND OTHER

Numeris's spring 2015 survey in the Montréal region, conducted with the *Portable People Meter* (“PPM”), reported that 98.5 FM is the leading radio station in the Montréal French market amongst all listeners as well as men two years old and over (“2+”), while *Rythme FM* has maintained its leadership position in the women 2+ segment among the musical stations. *The Beat* is the leading radio station in the women 35-64 segment in the Montréal English market. Finally, most of our other regional radio stations in Québec registered good ratings.

On July 14, 2015, COGECO Inc. ("COGECO") and its subsidiary, Cogeco Cable Inc. ("Cogeco Cable"), 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 Cogeco Cable. Starting in fiscal 2016, Cogeco Cable will pay monthly fees equal to 0.85% of its consolidated revenue to COGECO. This amendment should have a favorable impact on the profit attributable to owners of the Corporation.

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. Cogeco Cable expects the transaction to close around September 1, 2015.

As a part of a process initiated in the previous months, Cogeco Cable Inc. 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.

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

OPERATING 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
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**557,787**	536,067	4.1	**1,633,074**	1,571,515	3.9
Operating expenses	**310,810**	302,984	2.6	**923,045**	892,585	3.4
Adjusted EBITDA	**246,977**	233,083	6.0	**710,029**	678,930	4.6

REVENUE

Fiscal 2015 third-quarter revenue increased by $21.7 million or 4.1%, to reach $557.8 million compared to prior year. The increase for the quarter is mainly attributable to the improvement in the Cable and Enterprise data services segment as well as the media business activities combined with the favorable foreign exchange rates for our foreign operations compared to last year. For the first nine months, revenue reached $1.63 billion, an increase of $61.6 million, or 3.9% compared to the first nine months of fiscal 2014. The increase the period is mainly driven by the growth in the Cable and Enterprise data services segment combined with the favorable foreign exchange rates for our foreign operations.

In the Cable and Enterprise data services segment, 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 its American cable services operations as a result of favorable exchange rates compared to last year, Primary service unit ("PSU")(1) 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. Revenue increased mainly from the improvement in the American and Canadian cable services operations combined with the favorable foreign exchange rates for our foreign operations compared to the same periods of last year. For further details on the Cable and Enterprise data services segment's revenue, please refer to the "Cable and Enterprise data services segment" section.

OPERATING EXPENSES

For the third quarter of fiscal 2015, operating expenses increased by $7.8 million, to reach $310.8 million, representing an increase of 2.6% compared to the prior year mainly attributable to the Cable and Enterprise data services segment operating results. For the first nine months of fiscal 2015, operating expenses amounted to $923.0 million, an increase of $30.5 million, or 3.4% compared to the same period of fiscal 2014. The increase in operating expenses is mainly attributable to the Cable and Enterprise data services segment operating results, partly offset by costs reduction initiatives in the media business activities.

Operating expenses in the Cable and Enterprise data services segment for the third quarter of fiscal 2015 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. For further details on the Cable and Enterprise data services segment's operating expenses, please refer to the "Cable and Enterprise data services segment" section.

ADJUSTED EBITDA

For the third quarter of fiscal 2015, adjusted EBITDA increased by $13.9 million, or 6.0%, to reach $247.0 million mainly from the improvement in the Cable and Enterprise data services segment and the media business activities as well as the favorable foreign exchange rates for our foreign operations compared to the same period of last year. For the first nine months of fiscal 2015, adjusted EBITDA increased by $31.1 million, or 4.6%, to reach $710.0 million. The progression for the period is mainly attributable to the improvement in the Cable and Enterprise data services segment as well as the favorable foreign exchange rates for our foreign operations compared to the same periods of last year.

For the three and nine-month periods ended May 31, 2015, adjusted EBITDA in the Cable and Enterprise data services segment 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 increase for the quarter in the Cable and Enterprise data services segment is attributable to the improvement of its American cable operations combined with the favorable foreign exchange rates compared to the same period of last year. The progression for the first nine months resulted mainly from the improvement of all its operating segments combined with the favorable exchange rates compared to the same period of last year. For further details on the Cable and Enterprise data services segment's adjusted EBITDA, please refer to the "Cable and Enterprise data services segment" section.

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

FIXED CHARGES

	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	**May 31, 2015**	May 31, 2014	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Depreciation and amortization	**117,793**	118,926	(1.0)	**352,144**	350,475	0.5
Impairment on property, plant and equipment	**—**	32,197	(100.0)	**—**	32,197	(100.0)
Financial expense	**37,632**	34,071	10.5	**112,492**	102,485	9.8

For the three and nine-month periods ended May 31, 2015, depreciation and amortization expense amounted to $117.8 million and $352.1 million, respectively, compared to $118.9 million and $350.5 million for the same periods of last 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 $37.6 million and $112.5 million, respectively, representing increases of $3.6 million and $10.0 million compared to the same periods of prior year. The increases for both periods are mainly due to 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 indirect cable 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 $19.6 million and $51.7 million, respectively, compared to $9.1 million and $39.1 million for the comparable periods in the prior year. The increases for both periods are mostly attributable to the improvement in 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 in the Cable and Enterprise data services segment, 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 $66.3 million, of which $22.6 million or $1.35 per share, is attributable to owners of the Corporation compared to profit of $35.6 million for the same period in fiscal 2014, of which $11.5 million, or $0.69 per share, was attributable to owners of the Corporation. For the nine-month period ended May 31, 2015, profit for the period amounted to $186.7 million, of which $64.2 million, or $3.84 per share, is attributable to the owners of the Corporation compared to profit of $150.9 million for the first nine months of fiscal 2014, of which $51.9 million, or $3.10 per share is attributable to owners of the Corporation. Profit progression for both periods is mainly due to the improvement of the Cable and Enterprise data services segment's 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.

The non-controlling interest represents a participation of approximately 68.1% in Cogeco Cable's results. For fiscal 2015 three and nine-month periods, the profit for the period attributable to non-controlling interest amounted to $43.7 million and $122.5 million, respectively, compared to $24.2 million and $99.0 million in fiscal 2014.

CASH FLOW ANALYSIS

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	**May 31, 2015**	May 31, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**182,736**	176,491	**529,481**	509,128
Changes in non-cash operating activities	**27,848**	13,340	**(110,532)**	(82,379)
Amortization of deferred transaction costs and discounts on long-term debt	**(2,183)**	(2,007)	**(6,476)**	(5,856)
Income taxes paid	**(18,530)**	(16,672)	**(56,079)**	(55,888)
Current income taxes	**25,370**	23,693	**66,753**	72,378
Financial expense paid	**(52,187)**	(44,210)	**(117,029)**	(107,316)
Financial expense	**37,632**	34,071	**112,492**	102,485
Cash flow from operating activities	**200,686**	184,706	**418,610**	432,552
Cash flow from investing activities	**(104,029)**	(84,935)	**(310,864)**	(252,932)
Cash flow from financing activities	**(39,530)**	(123,482)	**(100,076)**	(194,277)
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	**56,796**	(24,246)	**10,887**	(13,267)
Cash and cash equivalents, beginning of the period	**17,922**	54,772	**63,831**	43,793
Cash and cash equivalents, end of the period	**74,718**	30,526	**74,718**	30,526

OPERATING ACTIVITIES

Fiscal 2015 third-quarter cash flow from operating activities reached $200.7 million compared to $184.7 million for the same period of the prior year, an increase of $16.0 million or 8.7%. The variation for the quarter is mainly explained by the increases of $13.9 million in adjusted EBITDA combined with the change in non-cash operating activities of $14.5 million as a result of a decrease in trade and other receivables compared to an increase in the previous year and an increase in provisions compared to a decrease in the previous year, partly offset by the increases of $8.0 million in financial expense paid. For the first nine months of fiscal 2015, cash flow from operating activities reached $418.6 million compared to $432.6 million, a decrease of $13.9 million, or 3.2%, compared to the same period of fiscal 2014. The decrease is mainly attributable to changes in non-cash operating activities of $28.2 million as a result from a higher decrease in trade and other payables and a lower increase in trade and other receivables compared to prior year and an increase of $9.7 million in financial expense paid, partly offset by the improvement of $31.1 million in adjusted EBITDA.

Fiscal 2015 third-quarter cash flow from operations increased by $6.2 million to reach $182.7 million compared to $176.5 million for the comparable period in fiscal 2014 mainly explained by the improvement of $13.9 million in adjusted EBITDA, partly offset by the increases of $3.6 million in financial expense and of $1.7 million in current income taxes. For the first nine months of fiscal 2015, cash flow from operations reached $529.5 million compared to $509.1 million for the same period of the prior year representing an increase of $20.4 million, or 4.0%, compared to the same period of fiscal 2014. The increase is mainly explained by the improvement of adjusted EBITDA of $31.1 million combined with the decrease of $5.6 million in current income taxes, partly offset by the increase of $10.0 million in financial expense.

INVESTING ACTIVITIES

For the three and nine-month periods ended May 31, 2015, investing activities amounted to $104.0 million and $310.9 million, respectively, compared to $84.9 million and $252.9 million for the comparable periods 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

For the three-month period ended May 31, 2015, acquisition of property, plant and equipment amounted to $100.7 million compared to $80.0 million for the same period of fiscal 2014, mainly as a result of the following factors in the Cable and Enterprise data services segment:

- 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, partly offset by the timing of certain initiatives; and
- the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) of the Barrie, Ontario data centre and of pod 1 in the new data centre in Montréal, Québec.

For the nine-month period ended May 31, 2015, acquisition of property, plant and equipment amounted to $300.4 million compared to $239.9 million for the same period of fiscal 2014, mainly as a result of 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 and its continued deployment in the United States. Moreover, the increase of property, plant and equipment is also attributable to the PSU growth, 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.

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 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 due to lower reconnect activities and lower customer acquisition costs in the Cable and Enterprise data services segment.

FREE CASH FLOW AND FINANCING ACTIVITIES

In the third quarter and first nine-months of fiscal 2015, free cash flow amounted to $77.9 million and $217.6 million, representing decreases of $13.6 million and $38.0 million, respectively, compared to $91.5 million and $255.6 million for the same periods of fiscal 2014. The decrease for both periods is mainly due to the increase of $20.6 million and $60.6 million in acquisitions of property, plant and equipment.

In the third quarter of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of $23.7 million mainly due to the decrease in bank indebtedness of $3.2 million combined with the repayments of $12.6 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 $110.4 million, essentially due to the repayments of $163.6 million under the revolving facilities and of long-term debt amounting to $4.8 million, partly offset by an increase of bank indebtedness of $9.4 million and the issuance by COGECO Inc. of long-term debt of $48.7 million.

For the first nine months of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of $49.1 million mainly due to the repayments of $31.0 million under the revolving facilities and of $28.2 million of long-term debt, partly offset by the increase in bank indebtedness of $10.2 million. For the first nine months of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of $148.2 million, mainly due to the repayments of $186.1 million under the revolving facilities and of long-term debt amounting to $10.9 million, partly offset by the issuance of long-term debt by COGECO Inc. of $48.7 million.

During the third quarter of fiscal 2015, a quarterly eligible dividend of $0.255 per share was paid to the holders of subordinate and multiple voting shares, totaling $4.3 million, compared to a quarterly eligible dividend paid of $0.22 per share, or $3.7 million in the third quarter of fiscal 2014. Dividend payments in the first nine months totaled $0.765 per share, or $12.8 million, compared to $0.66 per share, or $11.1 million the prior year. In addition, dividends paid by a subsidiary to non-controlling interest in the third quarter and the first nine months amounted to $11.6 million and $34.8 million, respectively, compared to $9.9 million and $29.7 million for the comparable periods of the prior year.

At May 31, 2015, the Corporation had a working capital deficiency of $370.4 million compared to $277.5 million at August 31, 2014. The $92.8 million deficiency increase is mainly due to the increase 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, partly offset by the decrease of $122.6 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 in cash and cash equivalent of $10.9 million. As part of the usual conduct of its business, COGECO 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 $17.1 million of its $50 million Term Revolving Facility for a remaining availability of $32.9 million and Cogeco Cable 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 Cogeco Cable 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 $52.1 million and $79.3 million, respectively, due to the appreciation of the US dollar and British Pound currency appreciation against the Canadian dollar, partly offset by the the depreciation and amortization expense exceeding acquisitions of 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 $122.6 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 $36.3 million in long-term debt is mainly due to the increase in the current portion of long-term debt and repayments amounting to $59.2 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'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	Amount (in thousands of dollars)
Common shares		
Multiple voting shares	1,842,860	12
Subordinate voting shares	14,989,338	121,976

FINANCING

In the normal course of business, COGECO has incurred financial obligations, primarily in the form of long-term debt, operating and finance leases and guarantees. COGECO's obligations, as reported in the 2014 Annual Report, have not materially changed since August 31, 2014.

On December 12, 2014, the Corporation amended its Term Revolving Facility. Under the terms of the amendment, the maturity was extended by two additional years until February 1, 2020. Similarly, on the same date, the Corporation's subsidiary, Cogeco Cable Inc., has also amended its Term Revolving Facility to extend the maturity by an additional year until January 22, 2020.

FINANCIAL MANAGEMENT

The Corporation and its subsidiary, Cogeco Cable Inc., are 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 Facilities and First Lien Credit Facilities. To mitigate such risk, Cogeco Cable Inc., 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 $3.8 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's subsidiary, Cogeco Cable Inc., 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 Cable and Enterprise data services segment 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 table highlights in Canadian dollars, the impact of a 10% increase in US dollar and British Pound against the Canadian dollar on the Cable and Enterprise data services segment's operating results for the three and nine-month periods ended May 31, 2015:

	Cable and Enterprise data services segment			
	Three months ended		Nine months ended	
	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$
Revenue	**516,426**	**15,911**	**1,522,897**	**45,915**
Operating expenses	**276,663**	**10,616**	**823,133**	**30,614**
Management fees - COGECO Inc.	**—**	**—**	**9,877**	**—**
Adjusted EBITDA	**239,763**	**5,295**	**689,887**	**15,301**
Acquisitions of property, plant and equipment, intangible and other assets	**103,718**	**4,509**	**309,274**	**16,282**

DIVIDEND DECLARATION

At its July 14, 2015 meeting, the Board of Directors of COGECO declared a quarterly eligible dividend of $0.255 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.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

CUSTOMER STATISTICS

				Net additions (losses)		Net additions (losses)	
	Consolidated	**UNITED STATES**	**CANADA**	Three months ended		Nine months ended	
		May 31, 2015		**May 31, 2015**	May 31, 2014	**May 31, 2015**	May 31, 2014
PSU (1)	**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)

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

At May 31, 2015, PSU reached 2,448,755 of which 1,936,923 came from Canada and 511,832 came from the United States. 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 Canada, 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 United States, 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.

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
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
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 and the Canadian cable services segments combined with the favorable foreign exchange rates for our foreign operations compared to the same periods of last year.

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 as a result of higher programming costs, additional marketing initiatives related to the launch of TiVo digital advanced television services in Canada and the appreciation of the US dollar and British Pound currency compared to the Canadian dollar, partly offset by cost reduction initiatives.

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.

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 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.

On July 14, 2015, Cogeco Cable and its parent company, 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 Cogeco Cable. Starting in fiscal 2016, Cogeco Cable will pay monthly fees equal to 0.85% of its consolidated revenue to COGECO. This amendment should have a favorable impact on the profit attributable to owners of the Corporation. 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.

FISCAL 2015 REVISED FINANCIAL GUIDELINES

As a result of revised projections in the Cable and Enterprise data services segment, the Corporation revised its consolidated projections for the 2015 fiscal year as issued on April 8, 2015. Management expects integration, restructuring and acquisition costs to reach $15 million. Consequently, profit for the year should decrease from $263 million to $253 million and free cash flow should decrease from $290 million to $275 million.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections July 14, 2015	Revised projections April 8, 2015
	Fiscal 2015	Fiscal 2015
(in million of dollars)	**$**	$
Revenue	**2,195**	2,195
Adjusted EBITDA	**953**	953
Integration, restructuring and acquisition costs	**15**	1
Financial expense	**147**	147
Current income tax expense	**95**	95
Profit for the year	**253**	263
Profit for the year attributable to owners of the Corporation	**85**	87
Acquisitions of property, plant and equipment, intangible and other assets	**435**	435
Free cash flow(1)	**275**	290

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately $14 million and less, integration, restructuring, and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

As a result of the costs associated with the restructuring of its Enterprise data services segment, Cogeco Cable 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	Revised projections April 8, 2015
	Fiscal 2015	Fiscal 2015
(in million of dollars, except percentages)	**$**	$
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. For a description of risk factors that could cause actual results to differ materially from what COGECO 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 Atlantic Broadband, the wholly-owned subsidiary of Cogeco Cable Inc. They will be revised when the transaction is concluded.

COGECO expects fiscal 2016 revenue growth to be driven by all its operating segments. In the Cable services segments of Cogeco Cable, 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 of Cogeco Cable, 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 Cogeco Cable's Enterprise data services segment in fiscal 2015, partly offset by marketing initiatives and retention strategies to support the revenue growth.

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

	Preliminary projections	Revised projections July 14, 2015
	Fiscal 2016 (2)	Fiscal 2015
(in million of dollars)	**$**	$
Revenue	**2,280 to 2,315**	2,195
Adjusted EBITDA	**1,000 to 1,030**	953
Integration, restructuring and acquisition costs	**—**	15
Financial expense	**135 to 145**	147
Current income tax expense	**105 to 115**	95
Profit for the year	**290 to 315**	253
Profit for the year attributable to owners of the Corporation	**95 to 100**	85
Acquisitions of property, plant and equipment, intangible and other assets	**435 to 450**	435
Free cash flow(1)	**330 to 360**	275

(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’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 first nine months ended May 31, 2015.

UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by the Corporation 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) a small entry-level service by March 2016 at a monthly retail price of not more than $25;

b) 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

c) 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; 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.

CHANGES IN CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in COGECO'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 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" and "adjusted EBITDA".

CASH FLOW FROM OPERATIONS AND FREE CASH FLOW

Cash flow from operations is used by COGECO'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'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
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operating activities	**200,686**	184,706	**418,610**	432,552
Changes in non-cash operating activities	**(27,848)**	(13,340)	**110,532**	82,379
Amortization of deferred transaction costs and discounts on long-term debt	**2,183**	2,007	**6,476**	5,856
Income taxes paid	**18,530**	16,672	**56,079**	55,888
Current income taxes	**(25,370)**	(23,693)	**(66,753)**	(72,378)
Financial expense paid	**52,187**	44,210	**117,029**	107,316
Financial expense	**(37,632)**	(34,071)	**(112,492)**	(102,485)
Cash flow from operations	**182,736**	176,491	**529,481**	509,128

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
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**182,736**	176,491	**529,481**	509,128
Acquisition of property, plant and equipment	**(100,666)**	(80,017)	**(300,436)**	(239,865)
Acquisition of intangible and other assets	**(4,141)**	(4,943)	**(11,471)**	(13,672)
Free cash flow	**77,929**	91,531	**217,574**	255,591

ADJUSTED EBITDA

Adjusted EBITDA is a benchmark commonly used in the telecommunications industry, as it allows comparisons with companies that have different capital structures and is a more current measures since it excludes the impact of historical investments in assets. Adjusted EBITDA evolution assesses COGECO'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.

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

	Three months ended		Nine months ended	
	May 31, 2015	May 31, 2014	**May 31, 2015**	May 31, 2014
(in thousands of dollars)	**$**	$	**$**	$
Profit for the period	**66,285**	35,635	**186,686**	150,941
Income taxes	**19,598**	9,068	**51,699**	39,052
Financial expense	**37,632**	34,071	**112,492**	102,485
Impairment of property, plant and equipment	**—**	32,197	**—**	32,197
Depreciation and amortization	**117,793**	118,926	**352,144**	350,475
Integration, restructuring and acquisitions costs	**5,669**	3,186	**7,008**	3,780
Adjusted EBITDA	**246,977**	233,083	**710,029**	678,930

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Three months ended	**May 31,**		February 28,		November 30,		August 31,	
(in thousands of dollars, except per share data)	**2015**	2014	**2015**	2014	**2014**	2013	2014	2013
	$	$	**$**	$	**$**	$	$	$
Revenue	**557,787**	536,067	**536,904**	518,477	**538,383**	516,971	524,523	504,714
Adjusted EBITDA	**246,977**	233,083	**229,069**	221,807	**233,983**	224,040	229,332	224,608
Impairment of property, plant and equipment	**—**	32,197	**—**	—	**—**	—	3,296	—
Income taxes	**19,598**	9,068	**17,064**	14,147	**15,037**	15,837	15,708	10,374
Profit for the period	**66,285**	35,635	**55,038**	58,467	**65,363**	56,839	59,229	43,770
Profit for the period attributable to owners of the Corporation	**22,584**	11,469	**14,867**	17,391	**26,774**	23,055	15,765	13,869
Cash flow from operating activities	**200,686**	184,706	**198,925**	187,611	**18,999**	60,235	332,218	233,464
Cash flow from operations	**182,736**	176,491	**172,493**	173,415	**174,252**	159,222	184,781	162,138
Acquisitions of property, plant and equipment, intangible and other assets	**104,807**	84,960	**103,576**	81,997	**103,524**	86,580	166,642	108,756
Free cash flow	**77,929**	91,531	**68,917**	91,418	**70,728**	72,642	18,139	53,382
Earnings per share(1)								
Basic	**1.35**	0.69	**0.89**	1.04	**1.60**	1.38	0.94	0.83
Diluted	**1.34**	0.68	**0.88**	1.03	**1.59**	1.37	0.94	0.82

(1) Per multiple and subordinate voting share.

SEASONAL VARIATIONS

COGECO's operating results are not generally subject to material seasonal fluctuations except as follows. In the Cable and Enterprise data services segment, 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 United States, the Miami region is also subject to seasonal fluctuations due to winter season residents returning home from late spring through the fall.

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 Inc.
Montréal, Québec
July 14, 2015

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine-month periods ended May 31, 2015

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

		Three months ended May 31,		Nine months ended May 31,	
	Notes	**2015**	2014	**2015**	2014
(In thousands of Canadian dollars, except per share data)		**$**	$	**$**	$
Revenue		**557,787**	536,067	**1,633,074**	1,571,515
Operating expenses	*4*	**310,810**	302,984	**923,045**	892,585
Integration, restructuring and acquisition costs	*3*	**5,669**	3,186	**7,008**	3,780
Depreciation and amortization	*5*	**117,793**	118,926	**352,144**	350,475
Impairment of property, plant and equipment	*3*	**—**	32,197	**—**	32,197
Financial expense	*6*	**37,632**	34,071	**112,492**	102,485
Income taxes	*7*	**19,598**	9,068	**51,699**	39,052
Profit for the period		**66,285**	35,635	**186,686**	150,941
Profit for the period attributable to:					
Owners of the Corporation		**22,584**	11,469	**64,225**	51,915
Non-controlling interest		**43,701**	24,166	**122,461**	99,026
		66,285	35,635	**186,686**	150,941
Earnings per share	*8*				
Basic		**1.35**	0.69	**3.84**	3.10
Diluted		**1.34**	0.68	**3.82**	3.08

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

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	**2015**	2014
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**66,285**	35,635	**186,686**	150,941
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
Cash flow hedging adjustments				
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)
Foreign currency translation adjustments				
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				
Defined benefit plans actuarial adjustments				
Remeasurement of net defined benefit pension plan liability	**3,713**	(200)	**(3,924)**	667
Related income taxes	**(1,043)**	59	**1,015**	(172)
	2,670	(141)	**(2,909)**	495
Other comprehensive income (loss) for the period	**520**	(6,342)	**35,129**	9,624
Comprehensive income for the period	**66,805**	29,293	**221,815**	160,565
Comprehensive income for the period attributable to:				
Owners of the Corporation	**23,695**	9,291	**74,265**	54,948
Non-controlling interest	**43,110**	20,002	**147,550**	105,617
	66,805	29,293	**221,815**	160,565

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

	Equity attributable to owners of the Corporation					
(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income $	Retained earnings $	Equity attributable to non-controlling interest $	Total shareholders' equity $
	(Note 10)		*(Note 11)*			
Balance at August 31, 2013	117,769	6,007	6,177	326,952	911,311	1,368,216
Profit for the period	—	—	—	51,915	99,026	150,941
Other comprehensive income for the period	—	—	2,925	108	6,591	9,624
Comprehensive income for the period	—	—	2,925	52,023	105,617	160,565
Share based payment	—	2,628	—	—	2,936	5,564
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(489)	—	—	5,470	4,981
Dividends on multiple voting shares (Note 10 C))	—	—	—	(1,216)	—	(1,216)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(9,846)	(29,738)	(39,584)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	131	(131)	—
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	(1,941)	—	—	—	—	(1,941)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	1,629	(1,543)	—	(86)	—	—
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit Plan	—	—	—	—	(6,934)	(6,934)
Distribution by a subsidiary to non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit Plan	—	(1,010)	—	9	1,001	—
Total distributions to shareholders	(312)	(414)	—	(11,008)	(27,396)	(39,130)
Balance at May 31, 2014	117,457	5,593	9,102	367,967	989,532	1,489,651
Balance at August 31, 2014	**117,963**	**5,858**	**9,131**	**381,013**	**1,025,123**	**1,539,088**
Profit for the period	**—**	**—**	**—**	**64,225**	**122,461**	**186,686**
Other comprehensive income for the period	**—**	**—**	**12,143**	**(2,103)**	**25,089**	**35,129**
Comprehensive income for the period	**—**	**—**	**12,143**	**62,122**	**147,550**	**221,815**
Share-based payment	**—**	**2,716**	**—**	**—**	**3,477**	**6,193**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(445)**	**—**	**—**	**6,022**	**5,577**
Dividends on multiple voting shares (Note 10 C))	**—**	**—**	**—**	**(1,410)**	**—**	**(1,410)**
Dividends on subordinate voting shares (Note 10 C))	**—**	**—**	**—**	**(11,392)**	**(34,841)**	**(46,233)**
Effect of change in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**354**	**(354)**	**—**
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**(1,979)**	**—**	**—**	**—**	**—**	**(1,979)**
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	**1,207**	**(1,265)**	**—**	**58**	**—**	**—**
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**—**	**—**	**—**	**—**	**(6,425)**	**(6,425)**
Distribution by a subsidiary to non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**—**	**(1,162)**	**—**	**26**	**1,136**	**—**
Total distributions to shareholders	**(772)**	**(156)**	**—**	**(12,364)**	**(30,985)**	**(44,277)**
Balance at May 31, 2015	**117,191**	**5,702**	**21,274**	**430,771**	**1,141,688**	**1,716,626**

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

(In thousands of Canadian dollars)	*Notes*	**May 31, 2015** $	August 31, 2014 $
Assets			
Current			
Cash and cash equivalents		**74,718**	63,831
Trade and other receivables		**126,432**	123,094
Income taxes receivable		**15,223**	22,254
Prepaid expenses and other		**20,133**	18,090
Derivative financial instruments		**36,124**	—
		272,630	227,269
Non-current			
Other assets		**10,608**	11,637
Property, plant and equipment		**1,904,392**	1,852,270
Intangible assets		**2,065,506**	1,986,187
Goodwill		**1,382,545**	1,259,654
Derivative financial instruments		**—**	6,132
Deferred tax assets		**24,713**	24,581
		5,660,394	5,367,730
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**13,420**	3,228
Trade and other payables		**223,360**	345,910
Provisions		**22,899**	16,749
Income tax liabilities		**49,687**	47,561
Deferred and prepaid revenue		**59,911**	57,012
Derivative financial instruments		**83**	—
Balance due on a business combination, bank prime rate plus 1%		**2,000**	2,000
Current portion of long-term debt	*9*	**271,636**	32,349
		642,996	504,809
Non-current			
Long-term debt	*9*	**2,746,423**	2,782,712
Deferred and prepaid revenue and other liabilities		**28,286**	25,086
Pension plan liabilities and accrued employees benefits		**12,881**	17,169
Deferred tax liabilities		**513,182**	498,866
		3,943,768	3,828,642
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*10 B)*	**117,191**	117,963
Share-based payment reserve		**5,702**	5,858
Accumulated other comprehensive income	*11*	**21,274**	9,131
Retained earnings		**430,771**	381,013
		574,938	513,965
Non-controlling interest		**1,141,688**	1,025,123
		1,716,626	1,539,088
		5,660,394	5,367,730

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

	Notes	Three months ended May 31, 2015	Three months ended May 31, 2014	Nine months ended May 31, 2015	Nine months ended May 31, 2014
(In thousands of Canadian dollars)		**$**	$	**$**	$
Cash flow from operating activities					
Profit for the period		**66,285**	35,635	**186,686**	150,941
Adjustments for:					
Depreciation and amortization	*5*	**117,793**	118,926	**352,144**	350,475
Impairment of property, plant and equipment	*3*	**—**	32,197	**—**	32,197
Financial expense	*6*	**37,632**	34,071	**112,492**	102,485
Income taxes	*7*	**19,598**	9,068	**51,699**	39,052
Share-based payment	*10 D)*	**1,684**	2,763	**6,149**	7,166
Loss on disposals and write-offs of property, plant and equipment		**136**	770	**1,548**	2,065
Defined benefit pension plans contributions, net of expense		**427**	(1,182)	**(8,468)**	(6,246)
		243,555	232,248	**702,250**	678,135
Changes in non-cash operating activities	*12*	**27,848**	13,340	**(110,532)**	(82,379)
Financial expense paid		**(52,187)**	(44,210)	**(117,029)**	(107,316)
Income taxes paid		**(18,530)**	(16,672)	**(56,079)**	(55,888)
		200,686	184,706	**418,610**	432,552
Cash flow from investing activities					
Acquisition of property, plant and equipment		**(100,666)**	(80,017)	**(300,436)**	(239,865)
Acquisition of intangible and other assets		**(4,141)**	(4,943)	**(11,471)**	(13,672)
Other		**778**	25	**1,043**	605
		(104,029)	(84,935)	**(310,864)**	(252,932)
Cash flow from financing activities					
Increase (decrease) in bank indebtedness		**(3,216)**	9,351	**10,192**	51
Net decreases under the revolving facilities		**(12,579)**	(163,598)	**(31,028)**	(186,088)
Issuance of long-term debt, net of discounts and transaction costs		**—**	48,670	**—**	48,670
Repayments of long-term debt		**(7,861)**	(4,819)	**(28,220)**	(10,870)
Increase in deferred transaction costs		**—**	—	**(550)**	(1,346)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	*10 B)*	**—**	(12)	**(1,979)**	(1,941)
Dividends paid on multiple voting shares	*10 C)*	**(470)**	(405)	**(1,410)**	(1,216)
Dividends paid on subordinate voting shares	*10 C)*	**(3,797)**	(3,298)	**(11,392)**	(9,846)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**26**	553	**5,577**	4,981
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans		**—**	—	**(6,425)**	(6,934)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest		**(11,633)**	(9,924)	**(34,841)**	(29,738)
		(39,530)	(123,482)	**(100,076)**	(194,277)
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		**56,796**	(24,246)	**10,887**	(13,267)
Cash and cash equivalents, beginning of the period		**17,922**	54,772	**63,831**	43,793
Cash and cash equivalents, end of the period		**74,718**	30,526	**74,718**	30,526

NATURE OF OPERATIONS

COGECO 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 CGO. The Corporation is engaged in Cable Television, High Speed Internet (“HSI”), Telephony, managed information technology and infrastructure, 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"), through Cogeco Cable Inc. ("Cogeco Cable"), in radio broadcasting through Cogeco Diffusion Acquisitions Inc. (“Cogeco Diffusion”) and in out-of-home advertising specialized in the public transit sector through Métromédia CMR Plus Inc. (“Métromédia”) (see Note 3 for a detailed description of operations).

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 of the information required for full annual financial statements. Certain information and footnote disclosure normally 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 Cable and Enterprise data services segment, 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. The Corporation 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 United States, the Miami region is also subject to seasonal fluctuations due to winter season residents returning home from late spring through the fall.

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.

(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 for the period are reported in two operating segments: Cable and Enterprise data services and Other.

The Cable and Enterprise data services segment provides a wide range of Television, HSI and Telephony services primarily to residential customers. It also provides business services, including television, HSI, Telephony and advanced services to small and medium sized businesses. The segment also provides data transport, colocation, cloud and managed services and dedicated hosting to small, medium and large enterprises and public sector customers.

The Other segment is comprised of radio, out of home advertising specialized in the public transit sector, head office activities as well as inter-segment eliminations.

The activities of the Cable and Enterprise data services segment are carried out in Canada, the United States and Europe, mostly in the UK, and the activities of the Other segment are carried out in Canada.

The Corporation assesses the performance of each operating segment based on its profit for the period. Transactions between segments are measured at agreed to amounts between the parties.

					Three months ended May 31,	
	Cable and Enterprise data services		**Other**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Revenue(1)	**516,426**	496,448	**41,361**	39,619	**557,787**	536,067
Operating expenses	**276,663**	267,059	**34,147**	35,925	**310,810**	302,984
Integration, restructuring and acquisition costs(2)	**5,669**	3,186	**—**	—	**5,669**	3,186
Depreciation and amortization	**116,351**	117,653	**1,442**	1,273	**117,793**	118,926
Impairment of property, plant and equipment(3)	**—**	32,197	**—**	—	**—**	32,197
Financial expense	**35,743**	32,038	**1,889**	2,033	**37,632**	34,071
Income taxes	**17,851**	8,801	**1,747**	267	**19,598**	9,068
Profit for the period	**64,149**	35,514	**2,136**	121	**66,285**	35,635
Acquisition of property, plant and equipment	**99,577**	79,509	**1,089**	508	**100,666**	80,017
Acquisition of intangible and other assets	**4,141**	4,943	**—**	—	**4,141**	4,943

(1) For the three-month period ended May 31, 2015, revenue by geographic market included $398,667 in Canada ($396,172 in 2014), $149,233 in the United States ($129,833 in 2014) and $9,887 in Europe ($10,062 in 2014).

(2) Comprised of acquisition costs and of restructuring costs related to the combination of Cogeco Data Services and Peer 1 Hosting into one business unit in the Cable and Enterprise data services segment for the three-month period ended May 31, 2015.

(3) 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.

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

						Nine months ended May 31,
	Cable and Enterprise data services		Other		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Revenue[(1)]	**1,522,897**	1,457,436	**110,177**	114,079	**1,633,074**	1,571,515
Operating expenses	**823,133**	785,235	**99,912**	107,350	**923,045**	892,585
Management fees – COGECO Inc.	**9,877**	9,674	**(9,877)**	(9,674)	**—**	—
Integration, restructuring and acquisition costs[(2)]	**7,008**	3,780	**—**	—	**7,008**	3,780
Depreciation and amortization	**347,799**	346,540	**4,345**	3,935	**352,144**	350,475
Impairment of property, plant and equipment[(3)]	**—**	32,197	**—**	—	**—**	32,197
Financial expense	**106,995**	97,505	**5,497**	4,980	**112,492**	102,485
Income taxes	**48,321**	36,912	**3,378**	2,140	**51,699**	39,052
Profit for the period	**179,764**	145,593	**6,922**	5,348	**186,686**	150,941
Total assets[(4)]	**5,462,456**	5,173,741	**197,938**	193,989	**5,660,394**	5,367,730
Property, plant and equipment[(4)]	**1,883,871**	1,830,971	**20,521**	21,299	**1,904,392**	1,852,270
Intangible assets[(4)]	**1,975,100**	1,894,846	**90,406**	91,341	**2,065,506**	1,986,187
Goodwill[(4)]	**1,343,420**	1,220,529	**39,125**	39,125	**1,382,545**	1,259,654
Acquisition of property, plant and equipment	**297,803**	236,675	**2,633**	3,190	**300,436**	239,865
Acquisition of intangible and other assets	**11,471**	13,672	**—**	—	**11,471**	13,672

(1) For the nine-month period ended May 31, 2015, revenue by geographic market included $1,173,862 in Canada ($1,167,506 in 2014), $429,226 in the United States ($376,042 in 2014) and $29,986 in Europe ($27,967 in 2014).

(2) Comprised of acquisition costs and of restructuring costs related to the combination of Cogeco Data Services and Peer 1 Hosting into one business unit in the Cable and Enterprise data services segment for the nine-month period ended May 31, 2015.

(3) 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.

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

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

				May 31, 2015
	Canada	**United States**	**Europe**	**Total**
	$	**$**	**$**	**$**
Property, plant and equipment	**1,423,767**	**432,157**	**48,468**	**1,904,392**
Intangible assets	**1,155,698**	**899,891**	**9,917**	**2,065,506**
Goodwill	**372,835**	**955,474**	**54,236**	**1,382,545**

				August 31, 2014
	Canada	United States	Europe	Total
	$	$	$	$
Property, plant and equipment	1,411,045	389,112	52,113	1,852,270
Intangible assets	1,167,763	807,274	11,150	1,986,187
Goodwill	372,835	835,319	51,500	1,259,654

(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	**107,494**	103,999	**313,358**	302,680
Service delivery costs(1)	**156,654**	148,808	**461,685**	445,907
Customer related costs(2)	**17,382**	20,891	**57,728**	60,415
Other external purchases(3)	**29,280**	29,286	**90,274**	83,583
	310,810	302,984	**923,045**	892,585

(1) Include cost of equipment sold, content and programming costs, payments to other carriers, data center 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	**101,394**	103,209	**303,935**	302,775
Amortization of intangible assets	**16,399**	15,717	**48,209**	47,700
	117,793	118,926	**352,144**	350,475

6. FINANCIAL EXPENSE

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Interest on long-term debt	**34,645**	33,304	**102,482**	99,293
Net foreign exchange losses (gains)	**349**	(336)	**1,535**	(373)
Amortization of deferred transaction costs	**598**	488	**1,820**	1,454
Capitalized borrowing costs (1)	**(117)**	(867)	**(258)**	(2,232)
Other	**2,157**	1,482	**6,913**	4,343
	37,632	34,071	**112,492**	102,485

(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%.

(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	**25,370**	23,693	**66,753**	72,378
Deferred	**(5,772)**	(14,625)	**(15,054)**	(33,326)
	19,598	9,068	**51,699**	39,052

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	**85,883**	44,703	**238,385**	189,993
Combined income tax rate	**26.71%**	25.81%	**26.58%**	26.62%
Income taxes at combined income tax rate	**22,938**	11,537	**63,371**	50,576
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	**474**	1,368	**2,063**	103
Tax impacts related to investments in foreign operations	**(4,692)**	(4,928)	**(13,466)**	(13,445)
Other	**183**	(635)	**(3,799)**	48
Income taxes at effective income tax rate	**19,598**	9,068	**51,699**	39,052

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 attributable to owners of the Corporation	**22,584**	11,469	**64,225**	51,915
Weighted average number of multiple and subordinate voting shares outstanding	**16,734,904**	16,729,177	**16,739,566**	16,729,701
Effect of dilutive incentive share units	**78,482**	102,646	**80,369**	103,475
Effect of dilutive performance share units	**18,987**	—	**14,648**	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	**16,832,373**	16,831,823	**16,834,583**	16,833,176
Earnings per share				
Basic	**1.35**	0.69	**3.84**	3.10
Diluted	**1.34**	0.68	**3.82**	3.08

(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)					
Revolving loans	February 2020	2.56	(3)	**15,942**	12,975
Unsecured Debentures	November 2021	6.50		**34,744**	34,743
Senior Unsecured Notes	March 2020	6.00		**48,908**	48,763
Finance lease	January 2017	3.23		**46**	66
Subsidiaries					
Term Revolving Facility(2)					
Canadian Revolving Facility					
Revolving loan – US$70.5 million	January 2020	1.63	(3) (4)	**87,681**	76,654
Revolving loan – £54.4 million (£55.6 million at August 31, 2014)	January 2020	1.96	(3)	**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	(5)	**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
First Lien Credit Facilities					
Term Loan A Facility – US$151 million (US$166 million at August 31, 2014)	November 2017	2.06	(3)(4)	**185,034**	177,150
Term Loan B Facility – US$369.4 million (US$377.65 million at August 31, 2014)	November 2019	3.25	(3)	**447,097**	398,211
Revolving Facility – US$21 million (US$50 million at August 31, 2014)	November 2017	2.06	(3)	**26,118**	54,365
Term Revolving Facility(2)					
UK Revolving Facility – £4.6 million (£3.1 million at August 31, 2014)	January 2020	1.95	(3)	**8,745**	5,596
Finance leases	March 2015	3.34	(6)	**—**	809
				3,018,059	2,815,061
Less current portion				**271,636**	32,349
				2,746,423	2,782,712

(1) On December 12, 2014, the Corporation amended its Term Revolving Facility resulting in the extension of the maturity date by two additional years until February 1, 2020.

(2) On December 12, 2014, the Corporation's subsidiary, Cogeco Cable Inc., amended its Term Revolving Facility resulting in the extension of the maturity date by an additional year until January 22, 2020.

(3) Interest rate on debt includes applicable margin.

(4) 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.

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

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

(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:

Preferred shares of first and second rank, issuable in series and non-voting, except when specified in the Articles of Incorporation of the Corporation or in the Law.

Multiple voting shares, 20 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	May 31, 2015	August 31, 2014
	$	$
1,842,860 multiple voting shares	**12**	12
14,989,338 subordinate voting shares	**121,976**	121,976
	121,988	121,988
97,294 subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans (89,146 at August 31, 2014)	**(4,797)**	(4,025)
	117,191	117,963

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	**89,146**	**4,025**
Subordinate voting shares acquired	**34,890**	**1,979**
Subordinate voting shares distributed to employees	**(26,742)**	**(1,207)**
Balance at May 31, 2015	**97,294**	**4,797**

C) DIVIDENDS

For the nine-month period ended May 31, 2015, quarterly eligible dividends of $0.255 per share, for a total of $0.765 per share, were paid to the holders of multiple and subordinate voting shares, totaling $12.8 million, compared to quarterly eligible dividends of $0.22 per share, for a total of $0.66 per share, or $11.1 million for the nine-month period ended May 31, 2014.

At its July 14, 2015 meeting, the Board of Directors of COGECO declared a quarterly eligible dividend of $0.255 per share for multiple voting and subordinate voting shares, payable on August 11, 2015, to shareholders of record on July 28, 2015.

D) SHARE-BASED PAYMENT PLANS

The Corporation and its subsidiary, Cogeco Cable Inc., offer to executive officers and designated employees Stock Option Plans, which are described in the Corporation's annual consolidated financial statements.

For the nine-month period ended May 31, 2015, no stock options were granted to employees by COGECO Inc. under the Stock Option Plan of the Corporation and no options were outstanding at May 31, 2015 and August 31, 2014.

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

Under the Stock Option Plan of Cogeco Cable, the following options were granted 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's subsidiary, Cogeco Cable Inc. 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).

As a result, a compensation expense of $350,000 and $966,000 ($301,000 and $820,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015.

The weighted average fair value of stock options granted by Cogeco Cable 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 and its subsidiary, Cogeco Cable Inc., also offer to executive officers and designated employees Incentive Share Unit Plans (“ISU Plans”), which are described in the Corporation’s annual consolidated financial statements.

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

Outstanding at August 31, 2014	**89,146**
Granted	**16,078**
Distributed	**(26,742)**
Outstanding at May 31, 2015	**78,482**

Under the ISU Plan of Cogeco Cable Inc., the following ISUs were granted 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's subsidiary, Cogeco Cable Inc., 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 $1,485,000 and $4,416,000 ($1,703,000 and $4,744,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015, related to these plans.

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

In October 2014, the Corporation and its subsidiary, Cogeco Cable Inc., introduced Performance Share Unit Plans ("PSU Plans") for executive officers and designated employees. The objectives of the PSU Plans 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 a 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	**18,812**
Dividend equivalents	**240**
Outstanding at May 31, 2015	**19,052**

Under the PSU Plan of Cogeco Cable Inc., the following PSUs were issued 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's subsidiary, Cogeco Cable Inc., granted 11,050 PSUs to COGECO Inc.'s executive officers who are also executive officers of Cogeco Cable Inc.

A compensation expense of $275,000 and $811,000 was recorded for the three and nine-month periods ended May 31, 2015 related to these plans.

The Corporation and its subsidiary, Cogeco Cable Inc., offer Deferred Share Unit Plans (“DSU Plans”) for members of the Board of directors which is described in the Corporation’s annual consolidated financial statements.

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

Outstanding at August 31, 2014	**40,608**
Issued	**6,394**
Dividend equivalents	**594**
Outstanding at May 31, 2015	**47,596**

Under the DSU Plan of Cogeco Cable Inc., the following DSUs were issued 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 $(426,000) and $594,000 ($759,000 and $1,602,000 in 2014) was recorded for the three and nine-month periods ended May 31, 2015 for the increase (decrease) in liability related to these plans.

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

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2013	846	5,331	6,177
Other comprehensive income (loss)	(232)	3,157	2,925
Balance at May 31, 2014	614	8,488	9,102
Balance at August 31, 2014	**427**	**8,704**	**9,131**
Other comprehensive income	**8**	**12,135**	**12,143**
Balance at May 31, 2015	**435**	**20,839**	**21,274**

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	**6,947**	(2,847)	**(3,511)**	(14,505)
Prepaid expenses and other	**4,218**	420	**(1,405)**	(3,773)
Trade and other payables	**11,777**	13,339	**(110,997)**	(70,759)
Provisions	**3,441**	(768)	**2,807**	2,938
Deferred and prepaid revenue and other liabilities	**1,465**	3,196	**2,574**	3,720
	27,848	13,340	**(110,532)**	(82,379)

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	**3,263**	2,705	**9,916**	9,910
Past service costs	**—**	—	**—**	565
Financial expense				
Other	**102**	199	**308**	614
	3,365	2,904	**10,224**	11,089

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

14. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

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

Liquidity risk

At May 31, 2015, the Corporation had used $17.1 million of its $50 million Term Revolving Facility for a remaining availability of $32.9 million and Cogeco Cable Inc. 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 Cogeco Cable Inc. 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).

Interest rate risk

The Corporation and its subsidiary, Cogeco Cable Inc., are 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 Facilities and First Lien Credit Facilities. To mitigate such risk, Cogeco Cable Inc., 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 $3.8 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, the Corporation's subsidiary, Cogeco Cable Inc., 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

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's subsidiary, Cogeco Cable Inc., 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

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

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.

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	**3,018,059**	**3,162,506**	2,815,061	2,943,371

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)	**3.1**	3.0
Adjusted EBITDA(3) / financial expense(3)	**6.1**	6.5

(1) Net secured 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 Unsecured Debentures, 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, balance due on a business combination, 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. Cogeco Cable expects the transaction to close around September 1, 2015.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT 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%