SHAREHOLDERS' REPORT

Three and six-month periods ended February 28, 2015

FINANCIAL HIGHLIGHTS

	Three months ended			Six months ended		
(in thousands of dollars, except percentages and per share data)	**February 28, 2015**	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
	$	$	%	**$**	$	%
Operations						
Revenue	**536,904**	518,477	3.6	**1,075,287**	1,035,448	3.8
Adjusted EBITDA(1)	**229,069**	221,807	3.3	**463,052**	445,847	3.9
Profit for the period	**55,038**	58,467	(5.9)	**120,401**	115,306	4.4
Profit for the period attributable to owners of the Corporation	**14,867**	17,391	(14.5)	**41,641**	40,446	3.0
Cash Flow						
Cash flow from operating activities	**198,925**	187,611	6.0	**217,924**	247,846	(12.1)
Cash flow from operations(1)	**172,493**	173,415	(0.5)	**346,745**	332,637	4.2
Acquisitions of property, plant and equipment, intangible and other assets	**103,576**	81,997	26.3	**207,100**	168,577	22.9
Free cash flow(1)	**68,917**	91,418	(24.6)	**139,645**	164,060	(14.9)
Financial Condition(2)						
Property, plant and equipment	**—**	—	—	**1,909,200**	1,852,270	3.1
Total assets	**—**	—	—	**5,647,735**	5,367,730	5.2
Indebtedness(3)	**—**	—	—	**3,063,756**	2,848,040	7.6
Equity attributable to owners of the Corporation	**—**	—	—	**554,805**	513,965	7.9
Per Share Data(4)						
Earnings per share						
Basic	**0.89**	1.04	(14.4)	**2.49**	2.42	2.9
Diluted	**0.88**	1.03	(14.6)	**2.47**	2.40	2.9

(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 February 28, 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 six-month periods ended February 28, 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 six-month periods ended February 28, 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, supported by strict control over spending and improved business processes, 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. 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 six-month period ended February 28, 2015, adjusted EBITDA increased by 3.9% to reach $463.1 million compared to the same period of fiscal 2014. Progression in the adjusted EBITDA is mainly attributable to the financial results improvement from most of our operating segments combined with the favorable foreign exchange rates benefiting our foreign operations compared to the same period of last year. As a result of the appreciation of the US dollar and British Pound currency compared to the Canadian dollar, partly offset by a slowdown in the radio and out of home advertising activities, the Corporation revised its financial guidelines for 2015 fiscal year issued on October 31, 2014. Adjusted EBITDA is now expected to reach $953 million from $945 million. For further details, please consult the fiscal 2015 revised projections in the "Fiscal 2015 financial guidelines" section.

FREE CASH FLOW

For the six-month period ended February 28, 2015, COGECO reported free cash flow of $139.6 million, a decrease of $24.4 million compared to $164.1 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, intangible and other assets, partly offset by the improvement of adjusted EBITDA explained above. As a result of the improvement of adjusted EBITDA, the Corporation also revised its free cash flow projections from $280 million to $290 million. For further details, please consult the fiscal 2015 revised projections in the "Fiscal 2015 financial guidelines" section.

BUSINESS DEVELOPMENTS AND OTHER

Numeris's fall 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 25-54 segment in the Montréal English market. Finally, most of our other regional radio stations in Québec registered good ratings.

On March 30, 2015, the Corporation's subsidiary, Cogeco Cable Canada, officially launched TiVo's digital advanced television services in Québec, which now completes the deployment of TiVo in our Canadian and American footprints. TiVo is the leader in advanced television services. The TiVo experience provides TV viewers with simple universal search, discovery, viewing and recording from any device, creating the ultimate viewing experience.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

	Three months ended			Six months ended		
	February 28, 2015	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**536,904**	518,477	3.6	**1,075,287**	1,035,448	3.8
Operating expenses	**307,835**	296,670	3.8	**612,235**	589,601	3.8
Adjusted EBITDA	**229,069**	221,807	3.3	**463,052**	445,847	3.9

REVENUE

Fiscal 2015 second-quarter revenue increased by $18.4 million or 3.6%, to reach $536.9 million compared to prior year. For the first six months, revenue reached $1.08 billion, an increase of $39.8 million, or 3.8% compared to the first six months of fiscal 2014. The increase for both periods is mainly attributable to the Cable and Enterprise data services segment.

(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.

In the Cable and Enterprise data services segment, fiscal 2015 second-quarter revenue increased by $23.5 million, or 4.8%, compared to prior year, to reach $509.5 million. For the first six months of fiscal 2015, revenue amounted to over $1.0 billion, an increase of $45.5 million, or 4.7%, compared to the same period of fiscal 2014. Revenue for both periods increased organically from all of our operating units 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 second quarter of fiscal 2015, operating expenses increased by $11.2 million, to reach $307.8 million, representing an increase of 3.8% compared to the prior year. For the first half of the fiscal year, operating expenses amounted to $612.2 million, an increase of $22.6 million, or 3.8% 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.

Operating expenses in the Cable and Enterprise data services segment for the second quarter of fiscal 2015 increased by $14.0 million to reach $278.2 million, representing an increase of 5.3% compared to the prior year. For the first half of the fiscal year, operating expenses amounted to $546.5 million, an increase of $28.3 million, or 5.5%, compared to the same period of fiscal 2014. Operating expenses increased organically from all 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

Fiscal 2015 second-quarter adjusted EBITDA increased by $7.3 million, or 3.3%, to reach $229.1 million, of which the Cable and Enterprise data services segment contributed $231.3 million to the consolidated adjusted EBITDA. For the first six months of fiscal 2015, the adjusted EBITDA increased by $17.2 million, or 3.9%, to reach $463.1 million, of which $450.1 million was contributed by the Cable and Enterprise data services segment. The increase for the quarter and in the first six months of fiscal 2015 in the Cable and Enterprise data services segment is attributable to the improvement from all of our operating segments as well as the favorable foreign exchange rates from our foreign operations compared to the same period of last year. For further details on Cogeco Cable's operating results, please refer to the "Cable and Enterprise data services segment" section.

FIXED CHARGES

	Three months ended			Six months ended		
	February 28, 2015	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Depreciation and amortization	**118,304**	114,455	3.4	**234,351**	231,549	1.2
Financial expense	**37,324**	34,392	8.5	**74,860**	68,414	9.4

For the three and six-month periods ended February 28, 2015, depreciation and amortization expense amounted to $118.3 million and $234.4 million, respectively, compared to $114.5 million and $231.5 million for the same periods of last year mainly as a result of 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 six-month periods ended February 28, 2015, financial expense amounted to $37.3 million and $74.9 million, respectively, representing increases of $2.9 million and $6.4 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.

INCOME TAXES

For the three and six-month periods ended February 28, 2015, income taxes amounted to $17.1 million and $32.1 million, respectively, compared to $14.1 million and $30.0 million for the comparable periods in the prior year. The increases for both periods are mostly attributable to the improvement in adjusted EBITDA and the appreciation of the US dollar and British Pound currency compared to the Canadian dollar, partly offset by the increase in fixed charges explained above compared to the same periods of fiscal 2014.

PROFIT FOR THE PERIOD

For the second quarter of fiscal 2015, profit for the period amounted to $55.0 million, of which $14.9 million or $0.89 per share, is attributable to owners of the Corporation compared to profit of $58.5 million for the same period in fiscal 2014, of which $17.4 million, or $1.04 per share, was attributable to owners of the Corporation. The decline for the quarter is mainly due to the increases in depreciation and amortization, financial expense and income taxes, partly offset by the improvement of adjusted EBITDA. For the six-month period ended February 28, 2015, profit for the period amounted to $120.4 million, of which $41.6 million, or $2.49 per share, is attributable to the owners of the Corporation compared to profit of $115.3 million for the first six months of fiscal 2014, of which $40.4 million, or $2.42 per share is attributable to owners of the Corporation. Profit progression for the period is mostly attributable to the improvement of the Cable and Enterprise data services segment's adjusted EBITDA, partly offset by increases in depreciation and amortization, 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 six-month periods, the profit for the period attributable to non-controlling interest amounted to $40.2 million and $78.8 million, respectively, compared to $41.1 million and $74.9 million in fiscal 2014.

CASH FLOW ANALYSIS

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**172,493**	173,415	**346,745**	332,637
Changes in non-cash operating activities	**(255)**	246	**(138,380)**	(95,719)
Amortization of deferred transaction costs and discounts on long-term debt	**(2,163)**	(1,971)	**(4,293)**	(3,849)
Income taxes paid	**(15,317)**	(20,052)	**(37,549)**	(39,216)
Current income taxes	**22,338**	20,519	**41,383**	48,685
Financial expense paid	**(15,495)**	(18,938)	**(64,842)**	(63,106)
Financial expense	**37,324**	34,392	**74,860**	68,414
Cash flow from operating activities	**198,925**	187,611	**217,924**	247,846
Cash flow from investing activities	**(103,444)**	(81,846)	**(206,835)**	(167,997)
Cash flow from financing activities	**(96,026)**	(79,250)	**(60,546)**	(70,795)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**1,918**	1,726	**3,548**	1,925
Net change in cash and cash equivalents	**1,373**	28,241	**(45,909)**	10,979
Cash and cash equivalents, beginning of the period	**16,549**	26,531	**63,831**	43,793
Cash and cash equivalents, end of the period	**17,922**	54,772	**17,922**	54,772

OPERATING ACTIVITIES

Fiscal 2015 second-quarter cash flow from operating activities reached $198.9 million compared to $187.6 million, an increase of $11.3 million or 6.0%, compared to the same period of the prior year. The increase is mainly explained by the increases of $7.3 million in adjusted EBITDA combined with decreases of $3.4 million in financial expense paid and of $4.7 million in income taxes paid. For the first six months of fiscal 2015, cash flow from operating activities reached $217.9 million compared to $247.8 million, a decrease of $29.9 million, or 12.1%, compared to the same period of fiscal 2014. The decrease is mainly attributable to the decreases of $42.7 million in changes in non-cash operating activities as a result of a higher decrease in trades and other payables compared to the same period of prior year, partly offset by the improvement of $17.2 million in adjusted EBITDA.

Fiscal 2015 second-quarter cash flow from operations remained essentially the same at $172.5 million compared to $173.4 million for the comparable period in fiscal 2014, mainly explained by the improvement of $7.3 million in adjusted EBITDA, partly offset by the increase of $2.9 million in financial expense and of $1.8 million in current income taxes. For the first six months of fiscal 2015, cash flow from operations reached $346.7 million compared to $332.6 million for the same period of the prior year representing an increase of $14.1 million, or 4.2%, compared to the same period of fiscal 2014. The increase is mainly explained by the improvement of adjusted EBITDA of $17.2 million combined with the decrease of $7.3 million in current income taxes, partly offset by the increase of $6.4 million in financial expense.

INVESTING ACTIVITIES

For the three and six-month periods ended February 28, 2015, investing activities amounted to $103.4 million and $206.8 million, respectively, compared to $81.8 million and $168.0 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 and six-month periods ended February 28, 2015, acquisition of property, plant and equipment amounted to $99.7 million and $199.8 million, respectively, compared to $77.4 million and $159.8 million for the same periods of fiscal 2014, mainly as a result of the following factors in the Cable and Enterprise data services segment:

- the increase in capital expenditures related to data centre facilities mainly due to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie, Ontario, data centre as well as the expansion of its data centre footprint with the construction of pod 1 in the new data centre in Montréal, Québec; and
- additional customer premise equipment for the Canadian launch of TiVo digital advanced television services on November 3, 2014 in Ontario and the 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 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 second quarter and first six months of fiscal 2015, the acquisition of intangible and other assets amounted to $3.9 million and $7.3 million, respectively, compared to $4.6 million and $8.7 million for the same periods last year due to lower reconnect activities in Canada.

FREE CASH FLOW AND FINANCING ACTIVITIES

In the second quarter of fiscal 2015, free cash flow amounted to $68.9 million, a decrease of $22.5 million compared to $91.4 million for the same period of fiscal 2014. This decrease is mainly due to the increase of $22.3 million in acquisitions of property, plant and equipment. For the first six-month period ended February 28, 2015, free cash flow amounted to $139.6 million, $24.4 million lower compared to $164.1 million for the same period of last year. This decrease is mainly due to the increase of $39.9 million in acquisitions of property, plant and equipment, partly offset by the improvement of $17.2 million in adjusted EBITDA.

In the second quarter of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of $84.3 million mainly due to the repayments of $77.6 million under the revolving facilities. In the second quarter of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of $66.6 million, essentially due to the decrease of bank indebtedness of $10.1 million and repayments of $51.8 million under the revolving facilities.

For the first six months of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of $25.4 million mainly due to the repayments of $18.4 million under the revolving facilities and the repayments of $20.4 million of long-term debt, partly offset by the increase of $13.4 million in bank indebtedness. For the first six months of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of $37.8 million, mainly due to a decrease in bank indebtedness of $9.3 million and repayments of $22.5 million under the revolving facilities.

During the second 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 second quarter of fiscal 2014. Dividend payments in the first six months totaled $0.51 per share, or $8.5 million, compared to $0.44 per share, or $7.4 million the year before. In addition, dividends paid by a subsidiary to non-controlling interest in the second quarter and the first six months amounted to $11.6 million and $23.2 million, respectively, compared to $9.9 million and $19.8 million for the comparable periods of the prior year.

At February 28, 2015, the Corporation had a working capital deficiency of $411.3 million compared to $277.5 million at August 31, 2014. The $133.8 million deficiency increase is mainly due to the increase of $238.1 million in the current portion of long-term debt as a result of the US $190 million Senior Secured Notes Series A maturing in October 2015 and the decrease of cash and cash equivalents of $45.9 million, partly offset by the decrease of $116.0 million in trade and other payables and the increase of $38.1 million in derivative financial instruments asset related to the cross-currency swaps on the Senior Secured Notes Series A. 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 February 28, 2015, the Corporation had used $19.9 million of its $50 million Term Revolving Facility for a remaining availability of $30.1 million and Cogeco Cable had used $212.1 million of its $800 million amended and restated Term Revolving Facility for a remaining availability of $587.9 million. In addition, two subsidiaries of Cogeco Cable also benefit from a Revolving Facility of $187.5 million (US$150 million), of which $37.8 million (US$30.2 million) was used at February 28, 2015 for a remaining availability of $149.8 million (US$119.8 million).

FINANCIAL POSITION

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

Cash and cash equivalent decreased by $45.9 million mainly due to the decrease of $116.0 million in trade and other payables related to the timing of payments made to suppliers. Property, plant and equipment and intangible assets increased by $56.9 million and $96.7 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 $128.8 million as a result of the US dollar and the British Pound currency appreciation against the Canadian dollar during the first six months of fiscal 2015. The increase of $38.1 million in the current portion of 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. The increase of $238.1 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.

OUTSTANDING SHARE DATA

A description of COGECO's share data at March 31, 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 February 28, 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 February 28, 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 $4.0 million based on the current debt at February 28, 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 February 28, 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 February 28, 2015.

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 February 28, 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	£54.8 million	£61.2 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 February 28, 2015 was $1.2503 per US dollar and $1.9303 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 $30.6 million.

For the three and six-month periods ended February 28, 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			Six months ended		
	February 28, 2015	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
	$	$	%	**$**	$	%
US dollar vs Canadian dollar	**1.2049**	1.0879	10.8	**1.1616**	1.0639	9.2
British Pound vs Canadian dollar	**1.8514**	1.7917	3.3	**1.8227**	1.7294	5.4

The following table highlights in Canadian dollars, the impact of a 10% increase in US dollar and British Pound against the Canadian dollar as the case may be, of the Cable and Enterprise data services segment's operating results for the three and six-month periods ended February 28, 2015:

	Cable and Enterprise data services segment			
	Three months ended		Six months ended	
	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$
Revenue	**509,470**	**15,614**	**1,006,471**	**30,003**
Operating expenses	**278,206**	**10,612**	**546,470**	**19,997**
Management fees - COGECO Inc.	**—**	**—**	**9,877**	**—**
Adjusted EBITDA	**231,264**	**5,002**	**450,124**	**10,006**
Acquisitions of property, plant and equipment, intangible and other assets	**102,673**	**5,225**	**205,556**	**11,669**

DIVIDEND DECLARATION

At its April 8, 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 May 6, 2015, to shareholders of record on April 22, 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

	Consolidated	**UNITED STATES**	**CANADA**	Net additions (losses)		Net additions (losses)	
				Three months ended		Six months ended	
		February 28, 2015		**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014
PSU (1)	**2,451,156**	**507,498**	**1,943,658**	**(2,116)**	(10,305)	**8,972**	(13,030)
Television service customers	**1,004,481**	**224,004**	**780,477**	**(10,148)**	(13,248)	**(18,613)**	(22,341)
HSI service customers	**898,807**	**200,560**	**698,247**	**10,819**	8,889	**29,354**	19,341
Telephony service customers	**547,868**	**82,934**	**464,934**	**(2,787)**	(5,946)	**(1,769)**	(10,030)

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

At February 28, 2015, PSU reached 2,451,156 of which 1,943,658 came from Canada and 507,498 came from the United States. For the three and six-month periods ended February 28, 2015, PSU net losses stood at 2,116 and net additions at 8,972, respectively, compared to PSU net losses of 10,305 and 13,030 for the same periods of fiscal 2014. Fiscal 2015 second-quarter and first six months net losses for Television service customers stood at 10,148 and 18,613 compared to 13,248 and 22,341 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 on November 3, 2014 in Ontario, Canada and in fiscal 2014 in the United States. HSI service customers grew by 10,819 and 29,354 in the second quarter and the first six months of fiscal 2015 compared to 8,889 and 19,341 and the Telephony service customers net losses stood at 2,787 and 1,769 compared to net losses of 5,946 and 10,030 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 is mainly attributable to the United States, partly offset by net losses in Canada 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 7,659 for the second-quarter of fiscal 2015, compared to 13,425 for the same period last year. For the first six months of fiscal 2015, PSU decreased by 2,364 compared to a decrease of 18,045 for the comparable period in 2014. For both periods, the PSU variation stems primarily from additional HSI services, partly offset by a slightly lower decrease in the Television and Telephony services.

In the United States, PSU increased by 5,543 for the second-quarter of fiscal 2015, compared to 3,120 for the same period of prior year. For the first six months of fiscal 2015, PSU increased by 11,336 compared to 5,015 for the comparable period in 2014. For both periods, the PSU growth stems primarily from additional HSI and Telephony services and by a lower decrease in Television services.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

	Three months ended			Six months ended		
	February 28, 2015	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**509,470**	486,008	4.8	**1,006,471**	960,988	4.7
Operating expenses	**278,206**	264,227	5.3	**546,470**	518,176	5.5
Management fees – COGECO Inc.	**—**	165	—	**9,877**	9,674	2.1
Adjusted EBITDA	**231,264**	221,616	4.4	**450,124**	433,138	3.9
Operating margin	**45.4%**	45.6%		**44.7%**	45.1%	

REVENUE

Fiscal 2015 second-quarter revenue increased by $23.5 million, or 4.8%, compared to prior year, to reach $509.5 million driven by growth of 0.3% in the Canadian cable services segment, 18.3% in the American cable services segment and 6.4% in the Enterprise data services segment. For the first six months of fiscal 2015, revenue amounted to over $1.0 billion, an increase of $45.5 million, or 4.7%, compared to the same period of fiscal 2014 driven by growth of 1.0% in the Canadian cable services segment, 16.8% in the American cable services segment and 5.0% in the Enterprise data services segment. Revenue for both periods increased organically from all of our operating units mainly as a result of favorable foreign exchange rates for our foreign operations compared to the same periods of last year combined with rate increases.

OPERATING EXPENSES AND MANAGEMENT FEES

For the second quarter of fiscal 2015, operating expenses increased by $14.0 million to reach $278.2 million, representing an increase of 5.3% compared to the prior year. For the first half of the fiscal year, operating expenses amounted to $546.5 million, an increase of $28.3 million, or 5.5%, compared to the same period of fiscal 2014. Operating expenses increased organically from all of our operating units as a result of increases in 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.

For the second quarter of fiscal year 2015, no management fees were paid to COGECO Inc. compared to $0.2 million in the same period of fiscal 2014. 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 six-month periods ended February 28, 2015, adjusted EBITDA increased by $9.6 million, or 4.4%, to reach $231.3 million, and by $17.0 million, or 3.9%, to reach $450.1 million, respectively, compared to the same periods of the prior year. The increases for both periods are mainly attributable to the improvement in all of our operating segments as well as the favorable foreign exchange rates for our foreign operations compared to the same period of last year.

Cogeco Cable's second-quarter operating margin slightly decreased to 45.4% from 45.6% and to 44.7% from 45.1% for the first six months of fiscal 2015 compared to the comparable periods of the prior year mainly as a result of the higher proportion of the Enterprise data services and the American cable services segments, partly offset by the improvement in the Canadian cable services segment.

FISCAL 2015 FINANCIAL GUIDELINES

As a result of revised projections in the Cable and Enterprise data services segment, partly offset by the slowdown in the radio and out of home advertising activities, the Corporation revised its consolidated projections for the 2015 fiscal year as issued on October 31, 2014. Management expects revenue to increase by $10 million, or 0.5% to reach approximately $2.2 billion. Adjusted EBITDA should increase by $8 million to reach $953 million and consequently, free cash flow should reach $290 million, an increase of $10 million compared to those issued on October 31, 2014. Financial expense should increase from $132 million to $147 million as a result of the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections April 8, 2015	Projections October 31, 2014
	Fiscal 2015	Fiscal 2015
(in million of dollars)	**$**	$
Revenue	**2,195**	2,185
Adjusted EBITDA	**953**	945
Integration, restructuring and acquisition costs	**1**	—
Financial expense	**147**	132
Current income tax expense	**95**	105
Profit for the year	**263**	265
Profit for the year attributable to owners of the Corporation	**87**	88
Acquisitions of property, plant and equipment, intangible and other assets	**435**	438
Free cash flow[(1)]	**290**	280

(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.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

Giving effect to the appreciation of the US dollar and British Pound currency compared to the Canadian dollar, the Corporation revised its financial guidelines for the 2015 fiscal year issued on October 31, 2014. Management expects revenue to reach $2.05 billion, representing a growth of $20 million, or 1.0%, compared to those issued on October 31, 2014. Adjusted EBITDA should increase by $10 million to reach $935 million and consequently, free cash flow should increase by $10 million to reach $290 million compared to the October 31, 2014 projections. Financial expense should increase by $15 million mainly due to the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections April 8, 2015	Projections October 31, 2014
	Fiscal 2015	Fiscal 2015
(in million of dollars, except percentages)	**$**	$
Revenue	**2,050**	2,030
Adjusted EBITDA	**935**	925
Operating margin	**45.6%**	45.6%
Integration, restructuring and acquisition costs	**1**	—
Depreciation and amortization	**465**	465
Financial expense	**140**	125
Current income tax expense	**90**	100
Profit for the year	**260**	260
Acquisitions of property, plant and equipment, intangible and other assets	**430**	430
Free cash flow[(1)]	**290**	280
Capital intensity	**21.0%**	21.2%

(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.

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 February 28, 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 six months ended February 28, 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 www.cogeco.ca. 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 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 six-month periods ended February 28, 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 www.cogeco.ca.

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		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operating activities	**198,925**	187,611	**217,924**	247,846
Changes in non-cash operating activities	**255**	(246)	**138,380**	95,719
Amortization of deferred transaction costs and discounts on long-term debt	**2,163**	1,971	**4,293**	3,849
Income taxes paid	**15,317**	20,052	**37,549**	39,216
Current income taxes	**(22,338)**	(20,519)	**(41,383)**	(48,685)
Financial expense paid	**15,495**	18,938	**64,842**	63,106
Financial expense	**(37,324)**	(34,392)	**(74,860)**	(68,414)
Cash flow from operations	**172,493**	173,415	**346,745**	332,637

Free cash flow is calculated as follows:

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**172,493**	173,415	**346,745**	332,637
Acquisition of property, plant and equipment	**(99,713)**	(77,384)	**(199,770)**	(159,848)
Acquisition of intangible and other assets	**(3,863)**	(4,613)	**(7,330)**	(8,729)
Free cash flow	**68,917**	91,418	**139,645**	164,060

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		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Profit for the period	**55,038**	58,467	**120,401**	115,306
Income taxes	**17,064**	14,147	**32,101**	29,984
Financial expense	**37,324**	34,392	**74,860**	68,414
Depreciation and amortization	**118,304**	114,455	**234,351**	231,549
Integration, restructuring and acquisitions costs	**1,339**	346	**1,339**	594
Adjusted EBITDA	**229,069**	221,807	**463,052**	445,847

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Three months ended	**February 28,**		November 30,		August 31,		May 31,	
(in thousands of dollars, except per share data)	**2015**	2014	**2014**	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
Revenue	**536,904**	518,477	**538,383**	516,971	524,523	504,714	536,067	504,434
Adjusted EBITDA	**229,069**	221,807	**233,983**	224,040	229,332	224,608	233,083	220,878
Impairment of property, plant and equipment	**—**	—	**—**	—	3,296	—	32,197	—
Income taxes	**17,064**	14,147	**15,037**	15,837	15,708	10,374	9,068	19,080
Profit for the period	**55,038**	58,467	**65,363**	56,839	59,229	43,770	35,635	49,995
Profit for the period attributable to owners of the Corporation	**14,867**	17,391	**26,774**	23,055	15,765	13,869	11,469	17,185
Cash flow from operating activities	**198,925**	187,611	**18,999**	60,235	332,218	233,464	184,706	167,641
Cash flow from operations	**172,493**	173,415	**174,252**	159,222	184,781	162,138	176,491	158,172
Acquisitions of property, plant and equipment, intangible and other assets	**103,576**	81,997	**103,524**	86,580	166,642	108,756	84,960	113,492
Free cash flow	**68,917**	91,418	**70,728**	72,642	18,139	53,382	91,531	44,680
Earnings per share(1)								
Basic	**0.89**	1.04	**1.60**	1.38	0.94	0.83	0.69	1.03
Diluted	**0.88**	1.03	**1.59**	1.37	0.94	0.82	0.68	1.02

(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 the winter season residents returning home from late spring through the fall.

ADDITIONAL INFORMATION

This MD&A was prepared on April 8, 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 www.cogeco.ca.

/s/ Jan Peeters	/s/ Louis Audet
Jan Peeters	Louis Audet
Chairman of the Board	President and Chief Executive Officer

COGECO Inc.
Montréal, Québec
April 8, 2015

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six-month periods ended February 28, 2015

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

		Three months ended February 28,		Six months ended February 28,	
	Notes	**2015**	2014	**2015**	2014
(In thousands of Canadian dollars, except per share data)		**$**	$	**$**	$
Revenue		**536,904**	518,477	**1,075,287**	1,035,448
Operating expenses	*4*	**307,835**	296,670	**612,235**	589,601
Integration, restructuring and acquisition costs		**1,339**	346	**1,339**	594
Depreciation and amortization	*5*	**118,304**	114,455	**234,351**	231,549
Financial expense	*6*	**37,324**	34,392	**74,860**	68,414
Income taxes	*7*	**17,064**	14,147	**32,101**	29,984
Profit for the period		**55,038**	58,467	**120,401**	115,306
Profit for the period attributable to:					
Owners of the Corporation		**14,867**	17,391	**41,641**	40,446
Non-controlling interest		**40,171**	41,076	**78,760**	74,860
		55,038	58,467	**120,401**	115,306
Earnings per share	*8*				
Basic		**0.89**	1.04	**2.49**	2.42
Diluted		**0.88**	1.03	**2.47**	2.40

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

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**55,038**	58,467	**120,401**	115,306
Other comprehensive income				
Items to be subsequently reclassified to profit or loss				
Cash flow hedging adjustments				
Net change in fair value of hedging derivative financial instruments	**20,584**	9,124	**31,787**	10,243
Net change in fair value of hedging derivative financial instruments reclassified to financial expense	**(20,197)**	(8,626)	**(30,970)**	(10,336)
Related income taxes	**(244)**	(232)	**(426)**	(298)
	143	266	**391**	(391)
Foreign currency translation adjustments				
Net foreign currency translation differences on net investments in foreign operations	**71,727**	28,327	**106,024**	37,479
Net changes in unrealized adjustments on translation of long-term debt designated as hedges of net investments in foreign operations	**(45,286)**	(17,170)	**(66,227)**	(21,758)
	26,441	11,157	**39,797**	15,721
	26,584	11,423	**40,188**	15,330
Items not to be subsequently reclassified to profit or loss				
Defined benefit plans actuarial adjustments				
Remeasurement of net defined benefit liability	**(4,530)**	(1,107)	**(7,637)**	867
Related income taxes	**1,222**	297	**2,058**	(231)
	(3,308)	(810)	**(5,579)**	636
Other comprehensive income for the period	**23,276**	10,613	**34,609**	15,966
Comprehensive income for the period	**78,314**	69,080	**155,010**	131,272
Comprehensive income for the period attributable to:				
Owners of the Corporation	**21,023**	20,439	**50,570**	45,657
Non-controlling interest	**57,291**	48,641	**104,440**	85,615
	78,314	69,080	**155,010**	131,272

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	—	—	—	40,446	74,860	115,306
Other comprehensive income for the period	—	—	4,908	303	10,755	15,966
Comprehensive income for the period	—	—	4,908	40,749	85,615	131,272
Share based payment	—	1,734	—	—	1,826	3,560
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(433)	—	—	4,861	4,428
Dividends on multiple voting shares (Note 10 C))	—	—	—	(811)	—	(811)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(6,548)	(19,814)	(26,362)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	97	(97)	—
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	(1,929)	—	—	—	—	(1,929)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	1,611	(1,526)	—	(85)	—	—
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	—	(763)	—	(7)	770	—
Total distributions to shareholders	(318)	(988)	—	(7,354)	(19,388)	(28,048)
Balance at February 28, 2014	117,451	5,019	11,085	360,347	977,538	1,471,440
Balance at August 31, 2014	**117,963**	**5,858**	**9,131**	**381,013**	**1,025,123**	**1,539,088**
Profit for the period	**—**	**—**	**—**	**41,641**	**78,760**	**120,401**
Other comprehensive income (loss) for the period	**—**	**—**	**12,829**	**(3,900)**	**25,680**	**34,609**
Comprehensive income for the period	**—**	**—**	**12,829**	**37,741**	**104,440**	**155,010**
Share-based payment	**—**	**1,784**	**—**	**—**	**2,299**	**4,083**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(444)**	**—**	**—**	**5,995**	**5,551**
Dividends on multiple voting shares (Note 10 C))	**—**	**—**	**—**	**(940)**	**—**	**(940)**
Dividends on subordinate voting shares (Note 10 C))	**—**	**—**	**—**	**(7,595)**	**(23,208)**	**(30,803)**
Effect of change in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**350**	**(350)**	**—**
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	**—**	**(916)**	**—**	**10**	**906**	**—**
Total distributions to shareholders	**(772)**	**(841)**	**—**	**(8,117)**	**(20,783)**	**(30,513)**
Balance at February 28, 2015	**117,191**	**5,017**	**21,960**	**410,637**	**1,108,780**	**1,663,585**

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

(In thousands of Canadian dollars)	*Notes*	**February 28, 2015** $	August 31, 2014 $
Assets			
Current			
Cash and cash equivalents		**17,922**	63,831
Trade and other receivables		**134,149**	123,094
Income taxes receivable		**17,909**	22,254
Prepaid expenses and other		**24,475**	18,090
Derivative financial instruments		**38,133**	—
		232,588	227,269
Non-current			
Other assets		**11,176**	11,637
Property, plant and equipment		**1,909,200**	1,852,270
Intangible assets		**2,082,837**	1,986,187
Goodwill		**1,388,448**	1,259,654
Derivative financial instruments		**—**	6,132
Deferred tax assets		**23,486**	24,581
		5,647,735	5,367,730
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**16,636**	3,228
Trade and other payables		**229,943**	345,910
Provisions		**19,164**	16,749
Income tax liabilities		**46,119**	47,561
Deferred and prepaid revenue		**59,384**	57,012
Derivative financial instruments		**214**	—
Balance due on a business combination, bank prime rate plus 1%		**2,000**	2,000
Current portion of long-term debt	*9*	**270,427**	32,349
		643,887	504,809
Non-current			
Long-term debt	*9*	**2,778,777**	2,782,712
Deferred and prepaid revenue and other liabilities		**26,882**	25,086
Pension plan liabilities and accrued employees benefits		**16,489**	17,169
Deferred tax liabilities		**518,115**	498,866
		3,984,150	3,828,642
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*10 B)*	**117,191**	117,963
Share-based payment reserve		**5,017**	5,858
Accumulated other comprehensive income	*11*	**21,960**	9,131
Retained earnings		**410,637**	381,013
		554,805	513,965
Non-controlling interest		**1,108,780**	1,025,123
		1,663,585	1,539,088
		5,647,735	5,367,730

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

	Notes	Three months ended February 28, 2015	Three months ended February 28, 2014	Six months ended February 28, 2015	Six months ended February 28, 2014
(In thousands of Canadian dollars)		**$**	$	**$**	$
Cash flow from operating activities					
Profit for the period		**55,038**	58,467	**120,401**	115,306
Adjustments for:					
Depreciation and amortization	*5*	**118,304**	114,455	**234,351**	231,549
Financial expense	*6*	**37,324**	34,392	**74,860**	68,414
Income taxes	*7*	**17,064**	14,147	**32,101**	29,984
Share-based payment	*10 D)*	**2,221**	2,096	**4,465**	4,403
Loss on disposals and write-offs of property, plant and equipment		**759**	1,557	**1,412**	1,295
Defined benefit pension plans contributions, net of expense		**(718)**	1,241	**(8,895)**	(5,064)
		229,992	226,355	**458,695**	445,887
Changes in non-cash operating activities	*12*	**(255)**	246	**(138,380)**	(95,719)
Financial expense paid		**(15,495)**	(18,938)	**(64,842)**	(63,106)
Income taxes paid		**(15,317)**	(20,052)	**(37,549)**	(39,216)
		198,925	187,611	**217,924**	247,846
Cash flow from investing activities					
Acquisition of property, plant and equipment		**(99,713)**	(77,384)	**(199,770)**	(159,848)
Acquisition of intangible and other assets		**(3,863)**	(4,613)	**(7,330)**	(8,729)
Other		**132**	151	**265**	580
		(103,444)	(81,846)	**(206,835)**	(167,997)
Cash flow from financing activities					
Increase (decrease) in bank indebtedness		**(3,103)**	(10,093)	**13,408**	(9,300)
Net decreases under the revolving facilities		**(77,566)**	(51,844)	**(18,449)**	(22,490)
Repayments of long-term debt		**(3,620)**	(4,646)	**(20,359)**	(6,051)
Increase in deferred transaction costs		**(550)**	(105)	**(550)**	(1,346)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	*10 B)*	**(22)**	(97)	**(1,979)**	(1,929)
Dividends paid on multiple voting shares	*10 C)*	**(470)**	(406)	**(940)**	(811)
Dividends paid on subordinate voting shares	*10 C)*	**(3,797)**	(3,250)	**(7,595)**	(6,548)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**4,726**	1,105	**5,551**	4,428
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		**(11,624)**	(9,914)	**(23,208)**	(19,814)
		(96,026)	(79,250)	**(60,546)**	(70,795)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		**1,918**	1,726	**3,548**	1,925
Net change in cash and cash equivalents		**1,373**	28,241	**(45,909)**	10,979
Cash and cash equivalents, beginning of the period		**16,549**	26,531	**63,831**	43,793
Cash and cash equivalents, end of the period		**17,922**	54,772	**17,922**	54,772

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 COGECO Inc.

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, Miami region is also subject to seasonal fluctuations due to the 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 COGECO Inc. at its meeting held on April 8, 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 (loss) 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 data networking, Ethernet, Web hosting, HSI access and Voice over Internet Protocol ("VoIP") solutions, to small and medium sized businesses. The segment also provides through its data centres, colocation, managed and dedicated hosting, managed IT and cloud services to small, medium and large enterprises and public sector customers as well as connectivity services provisioned over its optical networks.

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 (loss) for the period. Transactions between segments are measured at agreed to amounts between the parties.

	Three months ended February 28,					
	Cable and Enterprise data services		**Other**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Revenue(1)	**509,470**	486,008	**27,434**	32,469	**536,904**	518,477
Operating expenses	**278,206**	264,227	**29,629**	32,443	**307,835**	296,670
Management fees – COGECO Inc.	**—**	165	**—**	(165)	**—**	—
Integration, restructuring and acquisition costs	**1,339**	346	**—**	—	**1,339**	346
Depreciation and amortization	**116,855**	113,133	**1,449**	1,322	**118,304**	114,455
Financial expense	**35,524**	32,918	**1,800**	1,474	**37,324**	34,392
Income taxes	**18,640**	14,838	**(1,576)**	(691)	**17,064**	14,147
Profit (loss) for the period	**58,906**	60,381	**(3,868)**	(1,914)	**55,038**	58,467
Acquisition of property, plant and equipment	**98,810**	76,193	**903**	1,191	**99,713**	77,384
Acquisition of intangible and other assets	**3,863**	4,613	**—**	—	**3,863**	4,613

(1) For the three-month period ended February 28, 2015, revenue by geographic market included $380,741 in Canada ($382,407 in 2014), $145,427 in the United States ($126,566 in 2014) and $10,736 in Europe ($9,504 in 2014).

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

						Six months ended February 28,
	Cable and Enterprise data services		**Other**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Revenue[1]	**1,006,471**	960,988	**68,816**	74,460	**1,075,287**	1,035,448
Operating expenses	**546,470**	518,176	**65,765**	71,425	**612,235**	589,601
Management fees – COGECO Inc.	**9,877**	9,674	**(9,877)**	(9,674)	**—**	—
Integration, restructuring and acquisition costs	**1,339**	594	**—**	—	**1,339**	594
Depreciation and amortization	**231,448**	228,887	**2,903**	2,662	**234,351**	231,549
Financial expense	**71,252**	65,467	**3,608**	2,947	**74,860**	68,414
Income taxes	**30,470**	28,111	**1,631**	1,873	**32,101**	29,984
Profit for the period	**115,615**	110,079	**4,786**	5,227	**120,401**	115,306
Total assets[2]	**5,452,899**	5,173,741	**194,836**	193,989	**5,647,735**	5,367,730
Property, plant and equipment[2]	**1,888,637**	1,830,971	**20,563**	21,299	**1,909,200**	1,852,270
Intangible assets[2]	**1,992,120**	1,894,846	**90,717**	91,341	**2,082,837**	1,986,187
Goodwill[2]	**1,349,323**	1,220,529	**39,125**	39,125	**1,388,448**	1,259,654
Acquisition of property, plant and equipment	**198,226**	157,166	**1,544**	2,682	**199,770**	159,848
Acquisition of intangible and other assets	**7,330**	8,729	**—**	—	**7,330**	8,729

(1) For the six-month period ended February 28, 2015, revenue by geographic market included $775,195 in Canada ($771,334 in 2014), $279,993 in the United States ($246,209 in 2014) and $20,099 in Europe ($17,905 in 2014).

(2) At February 28, 2015 and August 31, 2014.

The following tables set out certain geographic information at February 28, 2015 and August 31, 2014:

				February 28, 2015
	Canada	**United States**	**Europe**	**Total**
	$	**$**	**$**	**$**
Property, plant and equipment	**1,416,187**	**442,327**	**50,686**	**1,909,200**
Intangible assets	**1,159,627**	**912,611**	**10,599**	**2,082,837**
Goodwill	**372,835**	**960,544**	**55,069**	**1,388,448**

				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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Salaries, employee benefits and outsourced services	**103,601**	101,586	**205,864**	198,681
Service delivery costs(1)	**154,795**	149,373	**305,031**	297,099
Customer related costs(2)	**17,709**	18,189	**40,346**	39,524
Other external purchases(3)	**31,730**	27,522	**60,994**	54,297
	307,835	296,670	**612,235**	589,601

(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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Depreciation of property, plant and equipment	**102,089**	99,304	**202,541**	199,566
Amortization of intangible assets	**16,215**	15,151	**31,810**	31,983
	118,304	114,455	**234,351**	231,549

6. FINANCIAL EXPENSE

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Interest on long-term debt	**34,435**	33,133	**67,837**	65,989
Net foreign exchange losses (gains)	**351**	573	**1,186**	(37)
Amortization of deferred transaction costs	**596**	487	**1,222**	966
Capitalized borrowing costs (1)	**(85)**	(592)	**(141)**	(1,365)
Other	**2,027**	791	**4,756**	2,861
	37,324	34,392	**74,860**	68,414

(1) For the three and six-month periods ended February 28, 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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current	**22,338**	20,519	**41,383**	48,685
Deferred	**(5,274)**	(6,372)	**(9,282)**	(18,701)
	17,064	14,147	**32,101**	29,984

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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Profit before income taxes	**72,102**	72,614	**152,502**	145,290
Combined income tax rate	**26.48%**	26.38%	**26.51%**	26.87%
Income taxes at combined income tax rate	**19,090**	19,158	**40,433**	39,039
Adjustment for losses or profit subject to lower or higher tax rates	**1,399**	(52)	**2,835**	44
Income taxes arising from non-deductible expenses	**1,584**	(1,415)	**1,589**	(1,265)
Tax impacts related to investments in foreign operations	**(4,394)**	(3,946)	**(8,774)**	(8,517)
Other	**(615)**	402	**(3,982)**	683
Income taxes at effective income tax rate	**17,064**	14,147	**32,101**	29,984

8. EARNINGS PER SHARE

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

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Profit for the period attributable to owners of the Corporation	**14,867**	17,391	**41,641**	40,446
Weighted average number of multiple and subordinate voting shares outstanding	**16,734,706**	16,729,221	**16,739,566**	16,729,968
Effect of dilutive incentive share units	**78,818**	102,817	**81,328**	103,896
Effect of dilutive performance share units	**18,900**	—	**12,442**	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	**16,832,424**	16,832,038	**16,833,336**	16,833,864
Earnings per share				
Basic	**0.89**	1.04	**2.49**	2.42
Diluted	**0.88**	1.03	**2.47**	2.40

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

9. LONG-TERM DEBT

	Maturity	Interest rate		**February 28, 2015**	August 31, 2014
		%		**$**	$
Parent Corporation					
Term Revolving Facility(1)					
Revolving loans	February 2020	2.52	(3)	**18,969**	12,975
Unsecured Debentures	November 2021	6.50		**34,760**	34,743
Senior Unsecured Notes	March 2020	6.00		**48,859**	48,763
Finance lease	January 2017	3.23		**53**	66
Subsidiaries					
Term Revolving Facility(2)					
Canadian Revolving Facility					
Revolving loan – US$70.5 million	January 2020	1.62	(3) (4)	**88,146**	76,654
Revolving loan – £54.8 million (£55.6 million at August 31, 2014)	January 2020	1.96	(3)	**105,780**	100,369
Senior Secured Notes					
Series A – US$25 million	September 2024	4.14		**31,114**	27,033
Series B - US$150 million	September 2026	4.29		**186,676**	162,196
Senior Secured Notes					
Series A – US$190 million	October 2015	7.00	(5)	**237,349**	206,201
Series B	October 2018	7.60		**54,759**	54,729
Senior Secured Notes - US$215 million	June 2025	4.30		**267,445**	232,347
Senior Secured Debentures Series 2	November 2020	5.15		**198,921**	198,839
Senior Secured Debentures Series 3	February 2022	4.93		**198,620**	198,537
Senior Secured Debentures Series 4	May 2023	4.18		**297,377**	297,244
Senior Unsecured Debenture	March 2018	5.94		**99,883**	99,864
Senior Unsecured Notes – US$400 million	May 2020	4.88		**494,085**	428,370
First Lien Credit Facilities					
Term Loan A Facility – US$157 million (US$166 million at August 31, 2014)	November 2017	2.05	(3)(4)	**193,165**	177,150
Term Loan B Facility – US$369.4 million (US$377.65 million at August 31, 2014)	November 2019	3.25	(3)	**448,828**	398,211
Revolving Facility – US$29 million (US$50 million at August 31, 2014)	November 2017	2.05	(3)	**36,259**	54,365
Term Revolving Facility(2)					
UK Revolving Facility – £4.1 million (£3.1 million at August 31, 2014)	January 2020	1.95	(3)	**7,915**	5,596
Finance leases	March 2015	3.34	(6)	**241**	809
				3,049,204	2,815,061
Less current portion				**270,427**	32,349
				2,778,777	2,782,712

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

(3) Interest rate on debt includes applicable margin.

(4) At February 28, 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.

(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

	February 28, 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 six 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 February 28, 2015	**97,294**	**4,797**

C) DIVIDENDS

For the six-month period ended February 28, 2015, quarterly eligible dividends of $0.255 per share, for a total of $0.51 per share, were paid to the holders of multiple and subordinate voting shares, totaling $8.5 million, compared to quarterly eligible dividends of $0.22 per share, for a total of $0.44 per share, or $7.4 million for the six-month period ended February 28, 2014.

At its April 8, 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 May 6, 2015, to shareholders of record on April 22, 2015.

D) SHARE-BASED PAYMENT PLANS

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

For the six-month ended February 28, 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 February 28, 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 February 28, 2015:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2014	**730,702**	**42.66**
Granted[1]	**182,500**	**61.65**
Exercised[2]	**(137,811)**	**40.28**
Cancelled	**(34,918)**	**50.19**
Outstanding at February 28, 2015	**740,473**	**47.42**
Exercisable at February 28, 2015	**246,222**	**38.22**

(1) During the six-month period ended February 28, 2015, the Corporation's subsidiary, Cogeco Cable Inc. granted 61,300 (83,650 in 2014) stock options to COGECO Inc.'s senior executives who are also senior executives of Cogeco Cable Inc.

(2) The weighted average share price for options exercised during the period was $72.33 ($50.98 in 2014).

As a result, a compensation expense of $266,000 and $616,000 ($288,000 and $519,000 in 2014) was recorded for the three and six-month periods ended February 28, 2015.

The weighted average fair value of stock options granted by Cogeco Cable for the six-month period ended February 28, 2015 was $11.78 ($10.55 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 certain of its executive and designated employee 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 February 28, 2015:

Outstanding at August 31, 2014	**89,146**
Granted	**16,078**
Distributed	**(26,742)**
Outstanding at February 28, 2015	**78,482**

Under the ISU Plan of Cogeco Cable Inc., the following ISUs were granted and are outstanding at February 28, 2015:

Outstanding at August 31, 2014	**247,279**
Granted[1]	**55,787**
Distributed	**(60,160)**
Cancelled	**(4,478)**
Outstanding at February 28, 2015	**238,428**

(1) During the six-month period ended February 28, 2015, the Corporation's subsidiary, Cogeco Cable Inc., did not grant (12,450 in 2014) ISUs to COGECO Inc.'s senior executives who are also senior executives of Cogeco Cable Inc.

A compensation expense of $1,521,000 and $2,931,000 ($1,396,000 and $3,041,000 in 2014) was recorded for the three and six-month periods ended February 28, 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 senior executives 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. 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 February 28, 2015:

Outstanding at August 31, 2014	**—**
Granted	**18,812**
Dividend equivalents	**150**
Outstanding at February 28, 2015	**18,962**

Under the PSU Plan of Cogeco Cable Inc., the following PSUs were issued by the Corporation and are outstanding at February 28, 2015:

Outstanding at August 31, 2014	**—**
Granted(1)	**54,550**
Distributed	**(126)**
Cancelled	**(2,801)**
Dividend equivalents	**526**
Outstanding at February 28, 2015	**52,149**

(1) During the six-month ended February 28, 2015, the Corporation's subsidiary, Cogeco Cable Inc., granted 11,050 PSUs to COGECO Inc.'s senior executives who are also senior executives of Cogeco Cable Inc.

A compensation expense of $406,000 and $536,000 was recorded for the three and six-month periods ended February 28, 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 February 28, 2015:

Outstanding at August 31, 2014	**40,608**
Issued	**6,394**
Dividend equivalents	**369**
Outstanding at February 28, 2015	**47,371**

Under the DSU Plan of Cogeco Cable Inc., the following DSUs were issued and are outstanding at February 28, 2015:

Outstanding at August 31, 2014	**31,609**
Issued	**3,412**
Redeemed	**(9,002)**
Dividend equivalents	**292**
Outstanding at February 28, 2015	**26,311**

A compensation expense of $666,000 and $1,020,000 ($412,000 and $843,000 in 2014) was recorded for the three and six-month periods ended February 28, 2015 for the increase 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)	(125)	5,033	4,908
Balance at February 28, 2014	721	10,364	11,085
Balance at August 31, 2014	**427**	**8,704**	**9,131**
Other comprehensive income	**125**	**12,704**	**12,829**
Balance at February 28, 2015	**552**	**21,408**	**21,960**

12. STATEMENTS OF CASH FLOWS

CHANGES IN NON-CASH OPERATING ACTIVITIES

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade and other receivables	**1,009**	(3,832)	**(10,458)**	(11,658)
Prepaid expenses and other	**(155)**	1,894	**(5,623)**	(4,193)
Trade and other payables	**464**	1,746	**(122,774)**	(84,098)
Provisions	**(571)**	1,470	**(634)**	3,706
Deferred and prepaid revenue and other liabilities	**(1,002)**	(1,032)	**1,109**	524
	(255)	246	**(138,380)**	(95,719)

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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Recognized in:				
Operating expenses				
Salaries, employee benefits and outsourced services				
Current service costs	**3,450**	4,359	**6,653**	7,205
Past service costs	**—**	565	**—**	565
Financial expense				
Other	**103**	215	**206**	415
	3,553	5,139	**6,859**	8,185

(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 February 28, 2015, the Corporation had used $19.9 million of its $50 million Term Revolving Facility for a remaining availability of $30.1 million and Cogeco Cable had used $212.1 million of its $800 million amended and restated Term Revolving Facility for a remaining availability of $587.9 million. In addition, two subsidiaries of Cogeco Cable also benefit from a Revolving Facility of $187.5 million (US$150 million), of which $37.8 million (US$30.2 million) was used at February 28, 2015 for a remaining availability of $149.8 million (US$119.8 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 February 28, 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 February 28, 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 $4.0 million based on the current debt at February 28, 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 February 28, 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 February 28, 2015.

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 February 28, 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	£54.8 million	£61.2 million	Net investment in foreign operations in British pound

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

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 February 28, 2015 was $1.2503 per US dollar and $1.9303 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 $30.6 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:

	February 28, 2015		August 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Long-term debt	**3,049,204**	**3,221,526**	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 February 28, 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:

	February 28, 2015	August 31, 2014
Net senior indebtedness(1)(2) / adjusted EBITDA(3)	**2.3**	2.1
Net indebtedness(2)(4) / adjusted EBITDA(3)	**3.2**	3.0
Adjusted EBITDA(3) / financial expense(3)	**6.2**	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 February 28, 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.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT CUSTOMER STATISTICS

	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
CONSOLIDATED					
Primary service units	**2,451,156**	**2,453,272**	2,442,184	2,452,118	2,454,627
Television service customers	**1,004,481**	**1,014,629**	1,023,094	1,034,991	1,044,611
HSI service customers	**898,807**	**887,988**	869,453	865,597	857,786
Telephony service customers	**547,868**	**550,655**	549,637	551,530	552,230
CANADA					
Primary service units	**1,943,658**	**1,951,317**	1,946,022	1,956,444	1,962,077
Television service customers	**780,477**	**789,686**	797,165	807,831	815,852
Penetration as a percentage of homes passed	**46.4%**	**46.8%**	47.3%	47.9%	48.5%
HSI service customers	**698,247**	**692,911**	679,584	676,802	672,981
Penetration as a percentage of homes passed	**41.5%**	**41.1%**	40.3%	40.2%	40.0%
Telephony service customers	**464,934**	**468,720**	469,273	471,811	473,244
Penetration as a percentage of homes passed	**27.6%**	**27.8%**	27.8%	28.0%	28.1%
UNITED STATES					
Primary service units	**507,498**	**501,955**	496,162	495,674	492,550
Television service customers	**224,004**	**224,943**	225,929	227,160	228,759
Penetration as a percentage of homes passed	**43.1%**	**43.5%**	43.7%	43.8%	44.2%
HSI service customers	**200,560**	**195,077**	189,869	188,795	184,805
Penetration as a percentage of homes passed	**38.6%**	**37.7%**	36.7%	36.4%	35.7%
Telephony service customers	**82,934**	**81,935**	80,364	79,719	78,986
Penetration as a percentage of homes passed	**16.0%**	**15.8%**	15.5%	15.4%	15.3%