CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2014

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

		Three months ended November 30,	
	Notes	**2014**	2013
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue		**497,001**	474,980
Operating expenses	*4*	**268,264**	253,949
Management fees – COGECO Inc.		**9,877**	9,509
Integration, restructuring and acquisition costs		**—**	248
Depreciation and amortization	*5*	**114,593**	115,754
Financial expense	*6*	**35,728**	32,549
Income taxes	*7*	**11,830**	13,273
Profit for the period		**56,709**	49,698
Earnings per share	*8*		
Basic		**1.16**	1.02
Diluted		**1.15**	1.01

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

	Three months ended November 30,	
	2014	2013
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**56,709**	49,698
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	**11,203**	1,119
Net change in fair value of hedging derivative financial instruments reclassified to financial expense	**(10,773)**	(1,710)
Related income taxes	**(182)**	(66)
	248	(657)
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**34,297**	9,152
Net changes in unrealized adjustments on translation of long-term debt designated as hedges of net investments in foreign operations	**(20,941)**	(4,588)
	13,356	4,564
	13,604	3,907
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability	**(1,400)**	1,074
Related income taxes	**376**	(289)
	(1,024)	785
Other comprehensive income for the period	**12,580**	4,692
Comprehensive income for the period	**69,289**	54,390

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

(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income $	Retained earnings $	Total shareholders' equity $
	(Note 10)		*(Note 11)*		
Balance at August 31, 2013	992,673	10,884	19,102	320,281	1,342,940
Profit for the period	—	—	—	49,698	49,698
Other comprehensive income for the period	—	—	3,907	785	4,692
Comprehensive income for the period	—	—	3,907	50,483	54,390
Issuance of subordinate voting shares under the Stock Option Plan	3,323	—	—	—	3,323
Share-based payment	—	1,371	—	—	1,371
Share-based payment previously recorded in share-based payment reserve for options exercised	1,010	(1,010)	—	—	—
Dividends on multiple voting shares (Note 10 C))	—	—	—	(4,707)	(4,707)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(9,900)	(9,900)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	(6,934)	—	—	—	(6,934)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	1,731	(1,711)	—	(20)	—
Total distributions to shareholders	(870)	(1,350)	—	(14,627)	(16,847)
Balance at November 30, 2013	991,803	9,534	23,009	356,137	1,380,483
Balance at August 31, 2014	**997,144**	**11,280**	**28,325**	**471,507**	**1,508,256**
Profit for the period	**—**	**—**	**—**	**56,709**	**56,709**
Other comprehensive income for the period	**—**	**—**	**13,604**	**(1,024)**	**12,580**
Comprehensive income for the period	**—**	**—**	**13,604**	**55,685**	**69,289**
Issuance of subordinate voting shares under the Stock Option Plan	**825**	**—**	**—**	**—**	**825**
Share-based payment	**—**	**1,556**	**—**	**—**	**1,556**
Share-based payment previously recorded in share-based payment reserve for options exercised	**195**	**(195)**	**—**	**—**	**—**
Dividends on multiple voting shares (Note 10 C))	**—**	**—**	**—**	**(5,492)**	**(5,492)**
Dividends on subordinate voting shares (Note 10 C))	**—**	**—**	**—**	**(11,584)**	**(11,584)**
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**(6,425)**	**—**	**—**	**—**	**(6,425)**
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	**2,198**	**(2,213)**	**—**	**15**	**—**
Total distributions to shareholders	**(3,207)**	**(852)**	**—**	**(17,061)**	**(21,120)**
Balance at November 30, 2014	**993,937**	**10,428**	**41,929**	**510,131**	**1,556,425**

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

(In thousands of Canadian dollars)	Notes	November 30, 2014 $	August 31, 2014 $
Assets			
Current			
Cash and cash equivalents		**16,292**	63,831
Trade and other receivables		**100,468**	95,514
Income taxes receivable		**28,903**	21,714
Prepaid expenses and other		**21,487**	16,117
Derivative financial instruments		**17,698**	—
		184,848	197,176
Non-current			
Other assets		**10,690**	11,203
Property, plant and equipment		**1,850,109**	1,830,971
Intangible assets		**1,925,086**	1,894,846
Goodwill		**1,263,627**	1,220,529
Derivative financial instruments		**—**	6,132
Deferred tax assets		**9,699**	12,884
		5,244,059	5,173,741
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**19,739**	—
Trade and other payables		**178,641**	313,560
Provisions		**17,754**	15,987
Income tax liabilities		**51,223**	47,483
Deferred and prepaid revenue		**55,417**	55,376
Derivative financial instruments		**363**	—
Current portion of long-term debt	*9*	**241,433**	32,323
		564,570	464,729
Non-current			
Long-term debt	*9*	**2,603,968**	2,686,191
Deferred and prepaid revenue and other liabilities		**26,765**	23,710
Pension plan liabilities and accrued employees benefits		**5,407**	6,260
Deferred tax liabilities		**486,924**	484,595
		3,687,634	3,665,485
Shareholders' equity			
Share capital	*10 B)*	**993,937**	997,144
Share-based payment reserve		**10,428**	11,280
Accumulated other comprehensive income	*11*	**41,929**	28,325
Retained earnings		**510,131**	471,507
		1,556,425	1,508,256
		5,244,059	5,173,741

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

		Three months ended November 30,	
	Notes	**2014**	2013
(In thousands of Canadian dollars)		**$**	$
Cash flow from operating activities			
Profit for the period		**56,709**	49,698
Adjustments for:			
Depreciation and amortization	*5*	**114,593**	115,754
Financial expense	*6*	**35,728**	32,549
Income taxes	*7*	**11,830**	13,273
Share-based payment	*10 D)*	**1,727**	1,440
Loss (gain) on disposals and write-offs of property, plant and equipment		**653**	(262)
Defined benefit plans contributions, net of expense		**(2,464)**	(1,928)
		218,776	210,524
Changes in non-cash operating activities	*12*	**(129,941)**	(86,704)
Financial expense paid		**(46,363)**	(42,406)
Income taxes paid		**(20,350)**	(18,304)
		22,122	63,110
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(99,416)**	(80,973)
Acquisition of intangible and other assets		**(3,467)**	(4,116)
Other		**133**	429
		(102,750)	(84,660)
Cash flow from financing activities			
Increase (decrease) in bank indebtedness		**19,739**	(4,175)
Net increases under the revolving facilities		**51,128**	33,339
Repayments of long-term debt		**(16,732)**	(1,398)
Increase in deferred transaction costs		**—**	(1,241)
Issuance of subordinate voting shares	*10 B)*	**825**	3,323
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	*10 B)*	**(6,425)**	(6,934)
Dividends paid on multiple voting shares	*10 C)*	**(5,492)**	(4,707)
Dividends paid on subordinate voting shares	*10 C)*	**(11,584)**	(9,900)
		31,459	8,307
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		**1,630**	199
Net change in cash and cash equivalents		**(47,539)**	(13,044)
Cash and cash equivalents, beginning of the period		**63,831**	39,575
Cash and cash equivalents, end of the period		**16,292**	26,531

NATURE OF OPERATIONS

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

The Corporation is a subsidiary of COGECO Inc., which holds 32% of the Corporation’s equity shares, representing 82.4% of the votes attached to the Corporation’s voting shares.

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

1. BASIS OF PRESENTATION

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

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

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

Financial information is presented in Canadian dollars, which is the functional currency of Cogeco Cable 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 Canadian and American cable services segments, the number of customers in the Television services and HSI services are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Cable offers its services in several university and college towns such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada and in the Pennsylvania region, and to a lesser extent in South Carolina, Maryland and Delaware in United States. In the American cable services segment, Miami region is also subject to seasonal fluctuations due to the winter season residents returning home from late spring through the fall.Furthermore, the second, third and fourth quarters' operating margins are usually higher as very low or no management fees are paid to COGECO Inc. Under the Management Agreement, the Corporation pays a fee equal to 2% of its total revenue subject to a maximum amount. As the maximum amount was reached in the first quarter of fiscal 2015, the Corporation will not pay any management fees for the remaining year.

The condensed interim consolidated financial statements were approved by the Board of Directors of Cogeco Cable Inc. at its meeting held on January 13, 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 is reported in three operating segments: Canadian cable services, American cable services and Enterprise data services.

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

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

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

					Three months ended November 30, 2014
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue[(1)]	**315,222**	**106,571**	**75,960**	**(752)**	**497,001**
Operating expenses	**155,391**	**59,734**	**49,963**	**3,176**	**268,264**
Management fees – COGECO Inc.	**—**	**—**	**—**	**9,877**	**9,877**
Depreciation and amortization	**59,563**	**22,835**	**32,059**	**136**	**114,593**
Segment profit (loss)	**100,268**	**24,002**	**(6,062)**	**(13,941)**	**104,267**
Financial expense					**35,728**
Income taxes					**11,830**
Profit for the period					**56,709**
Property, plant and equipment	**1,098,308**	**338,450**	**411,831**	**1,520**	**1,850,109**
Intangible assets	**990,120**	**780,897**	**154,069**	**—**	**1,925,086**
Goodwill	**4,662**	**601,196**	**657,769**	**—**	**1,263,627**
Acquisition of property, plant and equipment	**49,044**	**21,737**	**28,635**	**—**	**99,416**
Acquisition of intangible and other assets	**2,653**	**585**	**229**	**—**	**3,467**

(1) Revenue by geographic market include $353,072 in Canada, $134,566 in the United States and $9,363 in Europe.

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

	Three months ended November 30, 2013				
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue[1]	309,519	92,549	73,372	(460)	474,980
Operating expenses	155,173	50,019	45,481	3,276	253,949
Management fees – COGECO Inc.	—	—	—	9,509	9,509
Integration, restructuring and acquisition costs	—	58	190	—	248
Depreciation and amortization	59,869	23,154	32,731	—	115,754
Segment profit (loss)	94,477	19,318	(5,030)	(13,245)	95,520
Financial expense					32,549
Income taxes					13,273
Profit for the period					49,698
Property, plant and equipment[2]	1,106,443	318,022	405,097	1,409	1,830,971
Intangible assets[2]	990,487	746,700	157,659	—	1,894,846
Goodwill[2]	4,662	571,399	644,468	—	1,220,529
Acquisition of property, plant and equipment	48,762	10,939	21,272	—	80,973
Acquisition of intangible and other assets	3,249	429	438	—	4,116

(1) Revenue by geographic market include $346,936 in Canada, $119,643 in the United States and $8,401 in Europe.

(2) At August 31, 2014.

The following tables set out certain geographic information at November 30, 2014 and August 31, 2014:

				At November 30, 2014
	Canada	**United States**	**Europe**	**Total**
	$	**$**	**$**	**$**
Property, plant and equipment	**1,393,201**	**407,772**	**49,136**	**1,850,109**
Intangible assets	**1,072,450**	**842,213**	**10,423**	**1,925,086**
Goodwill	**333,710**	**878,879**	**51,038**	**1,263,627**

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

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

4. OPERATING EXPENSES

	Three months ended November 30,	
	2014	2013
	$	$
Salaries, employee benefits and outsourced services	**81,939**	75,250
Service delivery costs(1)	**141,113**	138,569
Customer related costs(2)	**19,532**	17,615
Other external purchases(3)	**25,680**	22,515
	268,264	253,949

(1) Includes cost of equipment sold, content and programming costs, payments to other carriers, data centre expenses, franchise fees and network costs.
(2) Includes advertising and marketing expenses, selling costs, billing expenses, bad debts and collection expenses.
(3) Includes 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 November 30,	
	2014	2013
	$	$
Depreciation of property, plant and equipment	**99,310**	99,234
Amortization of intangible assets	**15,283**	16,520
	114,593	115,754

6. FINANCIAL EXPENSE

	Three months ended November 30,	
	2014	2013
	$	$
Interest on long-term debt	**31,897**	31,738
Net foreign exchange losses (gains)	**831**	(628)
Amortization of deferred transaction costs	**563**	423
Capitalized borrowing costs(1)	**(56)**	(773)
Other	**2,493**	1,789
	35,728	32,549

(1) For the three-month period ended November 30, 2014, the weighted average interest rate used for the capitalization of borrowing costs was 4.5% (4.5% in 2013).

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

7. INCOME TAXES

	Three months ended November 30,	
	2014	2013
	$	$
Current	**17,244**	26,553
Deferred	**(5,414)**	(13,280)
	11,830	13,273

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 November 30,	
	2014	2013
	$	$
Profit before income taxes	**68,539**	62,971
Combined income tax rate	**26.48%**	27.43%
Income tax at combined income tax rate	**18,153**	17,273
Adjustment for losses or profit subject to lower or higher tax rates	**1,436**	96
Income taxes arising from non-deductible expenses	**(30)**	148
Tax impacts related to investments in foreign operations	**(4,380)**	(4,571)
Other	**(3,349)**	327
Income taxes at effective income tax rate	**11,830**	13,273

8. EARNINGS PER SHARE

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

	Three months ended November 30,	
	2014	2013
	$	$
Profit for the period	**56,709**	49,698
Weighted average number of multiple and subordinate voting shares outstanding	**48,821,495**	48,695,634
Effect of dilutive stock options(1)	**218,296**	166,692
Effect of dilutive incentive share units	**247,937**	240,032
Effect of dilutive performance share units	**17,437**	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	**49,305,165**	49,102,358
Earnings per share		
Basic	**1.16**	1.02
Diluted	**1.15**	1.01

(1) For the three-month period ended November 30, 2014, 175,700 stock options (380,454 in 2013) were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

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

9. LONG-TERM DEBT

	Maturity	Interest rate		**November 30, 2014**	August 31, 2014
		%		**$**	$
Parent Corporation					
Term Revolving Facility(1)					
Canadian Revolving Facility					
Revolving loan – US$70.5 million	January 2019	1.61	(2) (3)	**80,652**	76,654
Revolving loan	January 2019	2.70		**59,876**	—
Revolving loan – £55.9 million (£55.6 million at August 31, 2014)	January 2019	1.95	(2)	**100,005**	100,369
Senior Secured Notes					
Series A – US$25 million	September 2024	4.14		**28,453**	27,033
Series B - US$150 million	September 2026	4.29		**170,716**	162,196
Senior Secured Notes					
Series A – US$190 million	October 2015	7.00	(4)	**217,063**	206,201
Series B	October 2018	7.60		**54,744**	54,729
Senior Secured Notes - US$215 million	June 2025	4.30		**244,564**	232,347
Senior Secured Debentures Series 2	November 2020	5.15		**198,880**	198,839
Senior Secured Debentures Series 3	February 2022	4.93		**198,578**	198,537
Senior Secured Debentures Series 4	May 2023	4.18		**297,311**	297,244
Senior Unsecured Debenture	March 2018	5.94		**99,874**	99,864
Senior Unsecured Notes – US$400 million	May 2020	4.88		**451,308**	428,370
Subsidiaries					
First Lien Credit Facilities					
Term Loan A Facility – US$159.9 million (US$166 million at August 31, 2014)	November 2017	2.03	(2)(3)	**179,701**	177,150
Term Loan B Facility – US$369.4 million (US$377.65 million at August 31, 2014)	November 2019	3.25	(2)	**410,085**	398,211
Revolving Facility – US$40 million (US$50 million at August 31, 2014)	November 2017	2.03	(2)	**45,760**	54,365
Term Revolving Facility(1)					
UK Revolving Facility – £4.1 million (£3.1 million at August 31, 2014)	January 2019	1.95	(2)	**7,335**	5,596
Finance leases	January 2015	3.34	(5)	**496**	809
				2,845,401	2,718,514
Less current portion				**241,433**	32,323
				2,603,968	2,686,191

(1) On December 12, 2014, the Corporation amended its Term Revolving Facility of which the maturity was extended by an additional year until January 22, 2020 (see Note 15).
(2) Interest rate on debt includes applicable margin.
(3) At November 30, 2014, interest rate swap agreements have resulted in an effective interest rate of 1.85% on a notional amount of US$70.5 million of Term Revolving Facility and of 2.27% on a notional amount of US$129.5 million of Term Loan A Facility, including applicable margin.
(4) Cross-currency swap agreements have resulted in an effective interest rate of 7.24% on the Canadian dollar equivalent of the US denominated debt.
(5) Weighted average interest rate on finance leases.

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

10. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

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

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

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	November 30, 2014	August 31, 2014
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
33,415,344 subordinate voting shares (33,394,631 at August 31, 2014)	**912,087**	911,067
	1,010,433	1,009,413
313,353 subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans (259,424 at August 31, 2014)	**(16,496)**	(12,269)
	993,937	997,144

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

	Number of shares	**Amount**
		$
Balance at August 31, 2014	**33,394,631**	**911,067**
Shares issued for cash under the Stock Option Plan	**20,713**	**825**
Compensation expense previously recorded in share-based payment reserve for options exercised	**—**	**195**
Balance at November 30, 2014	**33,415,344**	**912,087**

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

	Number of shares	**Amount**
		$
Balance at August 31, 2014	**259,424**	**12,269**
Subordinate voting shares acquired	**100,395**	**6,425**
Subordinate voting shares distributed to employees	**(46,466)**	**(2,198)**
Balance at November 30, 2014	**313,353**	**16,496**

C) DIVIDENDS

For the three-month period ended November 30, 2014, a quarterly eligible dividend of $0.35 per share was paid to the holders of multiple and subordinate voting shares, totaling $17.1 million, compared to a quarterly eligible dividend of $0.30 per share, for a total $14.6 million for the three-month period ended November 30, 2013.

At its January 13, 2015 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.35 per share for multiple voting and subordinate voting shares, payable on February 10, 2015, to shareholders of record on January 27, 2015.

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

D) SHARE-BASED PAYMENTS PLANS

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

Under the Stock Option Plan, the following options were granted by the Corporation and are outstanding at November 30, 2014:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2014	**730,702**	**42.66**
Granted[1]	**175,700**	**61.36**
Exercised[2]	**(20,713)**	**39.85**
Cancelled	**(5,680)**	**46.87**
Outstanding at November 30, 2014	**880,009**	**46.43**
Exercisable at November 30, 2014	**349,067**	**38.84**

(1) During the three-month period ended November 30, 2014, the Corporation granted 61,300 (83,650 in 2013) 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 $64.00 ($49.94 in 2013).

During the three-month period ended November 30, 2014, the Corporation charged COGECO Inc. an amount of $113,000 ($94,000 in 2013) with respect to the Corporation's options granted to COGECO Inc.'s senior executives. As a result, a compensation expense of $237,000 ($137,000 in 2013) was recorded for the three-month period ended November 30, 2014.

The weighted average fair value of stock options granted for the three-month period ended November 30, 2014 was $11.74 ($10.55 in 2013) 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:

	2014	2013
	%	%
Expected dividend yield	**1.96**	2.05
Expected volatility	**22.88**	24.87
Risk-free interest rate	**1.63**	1.87
Expected life in years	**6.2**	8.3

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

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at November 30, 2014:

Outstanding at August 31, 2014	**247,279**
Granted[1]	**54,087**
Distributed	**(46,466)**
Outstanding at November 30, 2014	**254,900**

(1) During the three-month period ended November 30, 2014, the Corporation did not grant (12,450 in 2013) ISUs to COGECO Inc.'s senior executives who are also senior executives of Cogeco Cable Inc.

A compensation expense of $1,020,000 ($941,000 in 2013) was recorded for the three-month period ended November 30, 2014 related to this plan. During the three-month period ended November 30, 2014, the Corporation charged COGECO Inc. an amount of $86,000 ($199,000 in 2013) with respect to the Corporation's ISUs granted in previous years to COGECO Inc.'s senior executives.

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

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

Under the PSU Plan, the following PSUs were issued by the Corporation and are outstanding at November 30, 2014:

Outstanding at August 31, 2014	—
Granted(1)	**52,150**
Dividend equivalents	**271**
Outstanding at November 30, 2014	**52,421**

(1) During the three-month period ended November 30, 2014, the Corporation granted 11,050 PSUs to COGECO Inc.'s senior executives who are also senior executives of Cogeco Cable Inc.

A compensation expense of $83,000 was recorded for the three-month period ended November 30, 2014 related to this plan. During the three-month period ended November 30, 2014, the Corporation charged COGECO Inc. an amount of $17,000 with respect to the Corporation’s PSUs granted to COGECO Inc.’s executives.

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

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at November 30, 2014:

Outstanding at August 31, 2014	**31,609**
Dividend equivalents	**170**
Outstanding at November 30, 2014	**31,779**

A compensation expense of $171,000 ($69,000 in 2013) was recorded for the three-month period ended November 30, 2014 for the increase in liability related to this plan.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2013	2,608	16,494	19,102
Other comprehensive income (loss)	(657)	4,564	3,907
Balance at November 30, 2013	1,951	21,058	23,009
Balance at August 31, 2014	**1,296**	**27,029**	**28,325**
Other comprehensive income	**248**	**13,356**	**13,604**
Balance at November 30, 2014	**1,544**	**40,385**	**41,929**

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

12. STATEMENTS OF CASH FLOWS

CHANGES IN NON-CASH OPERATING ACTIVITIES

	Three months ended November 30,	
	2014	2013
	$	$
Trade and other receivables	**(5,236)**	(1,322)
Prepaid expenses and other	**(5,146)**	(4,825)
Trade and other payables	**(121,663)**	(84,177)
Provisions	**(68)**	2,236
Deferred and prepaid revenue and other liabilities	**2,172**	1,384
	(129,941)	(86,704)

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 November 30,	
	2014	2013
	$	$
Recognized in:		
Operating expenses		
Salaries, employee benefits and outsourced services		
Current service costs	**2,612**	2,145
Financial expense		
Other	**40**	67
	2,652	2,212

14. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

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

Liquidity risk

At November 30, 2014, the available amount under the Corporation's Term Revolving Facility was $533.6 million. Two subsidiaries of the Corporation also benefit from a Revolving Facility of $171.6 million (US$150 million), of which $124.5 million (US$108.8 million) was available at November 30, 2014.

Interest rate risk

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At November 30, 2014, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

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

The following table shows the interest rate swaps outstanding at November 30, 2014:

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 $4.1 million based on the current debt at November 30, 2014.

Foreign exchange risk

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

The following table shows the cross-currency swaps outstanding at November 30, 2014:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Exchange rate	Hedged item
Cash fllow	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 $6.3 million based on the outstanding debt at November 30, 2014.

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 November 30, 2014:

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	£55.9 million	£62.2 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 November 30, 2014 was $1.1440 per US dollar and $1.7890 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 $28.2 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:

	November 30, 2014		August 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Long-term debt	**2,845,401**	**2,973,346**	2,718,514	2,843,548

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

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 November 30, 2014 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:

	November 30, 2014	August 31, 2014
Net senior indebtedness(1)(2) / adjusted EBITDA(3)	**2.3**	2.1
Net indebtedness(2)(4) / adjusted EBITDA(3)	**3.1**	2.9
Adjusted EBITDA(3) / financial expense(3)	**6.7**	6.8

(1) Net senior indebtedness is defined as the total of bank indebtedness, principal on long-term debt and derivative financial instruments, less cash and cash equivalents and principal on Senior Unsecured Debenture and Senior Unsecured Notes.
(2) Excluding Atlantic Broadband and other non-significant unrestricted subsidiaries' cash and cash equivalents and non-recourse First Lien Credit Facilities.
(3) Calculation based on adjusted EBITDA and financial expense for the twelve-month period ended November 30, 2014 and August 31, 2014 excluding Atlantic Broadband and other non-significant unrestricted subsidiaries and including Peer 1 Hosting results.
(4) Net indebtedness is defined as the total of bank indebtedness, principal on long-term debt and derivative financial instruments, less cash and cash equivalents.

15. SUBSEQUENT EVENT

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