PRESS RELEASE
For immediate release

Cogeco Cable Inc. releases its Second Quarter 2015 financial results

- ***Second-quarter revenue reached $509.5 million, an increase of 4.8%;***
- ***Adjusted EBITDA[(1)] increased by 4.4%, to reach $231.3 million;***
- ***A quarterly dividend of $0.35 per share was declared, an increase of 16.7% compared to fiscal 2014; and***
- ***The Corporation's subsidiary, Cogeco Cable Canada, launched TiVo's digital television services in Québec on March 30, 2015.***

Montréal, April 8, 2015 – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the second quarter of fiscal 2015, ended February 28, 2015.

For the second quarter and first six months of fiscal 2015:

- Second-quarter revenue increased by $23.5 million, or 4.8%, 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 six-month period ended February 28, 2015, revenue increased by $45.5 million, or 4.7% to reach over $1.0 billion 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 combined with favorable foreign exchange rates for our foreign operations compared to last year;

- Adjusted EBITDA increased by $9.6 million, or 4.4%, to reach $231.3 million compared to the second quarter of fiscal 2014, and by $17.0 million, or 3.9%, to reach $450.1 million compared to the first six months of the prior year. The progression resulted mainly from 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;

- Operating margin[(1)] slightly decreased to 45.4% from 45.6% in the second quarter and to 44.7% from 45.1% in the first six months compared to the same 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;

- Second-quarter profit for the period amounted to $58.9 million, or $1.21 per share, compared to $60.4 million, or $1.24 per share in fiscal 2014, a decrease of 2.4%, mainly as a result of the increases in depreciation and amortization, financial expense and income taxes, partly offset by the improvement in adjusted EBITDA. For the first half of fiscal 2015, profit for the period amounted to $115.6 million, or $2.37 per share, compared to $110.1 million, or $2.26 per share for the comparable period of last year, representing an increase of 5.0% mainly due to the improvement in adjusted EBITDA, partly offset by increases in depreciation and amortization, financial expense and income taxes;

- Second-quarter free cash flow[(1)] decreased by $20.1 million to reach $73.1 million compared to $93.2 million in the second quarter of fiscal 2014 mainly as a result of the increase in acquisitions of property, plant and equipment of $22.6 million. For the six-month period ended February 28, 2015, free cash flow decreased by $23.3 million to reach $138.1 million, compared to $161.4 million in the first half of fiscal 2014 mainly due to the increase in acquisitions of property, plant and equipment of $41.1 million, partly offset by the improvement in adjusted EBITDA of $17.0 million;

(1) The indicated terms do not have standard 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 of the Management's discussion and analysis ("MD&A").

- Fiscal 2015 second-quarter cash flow from operating activities reached $198.2 million compared to $181.6 million, representing an increase of $16.6 million, or 9.1%, compared to fiscal 2014 second-quarter. The variation for the quarter is mainly due to the improvement in adjusted EBITDA combined with decreases of financial expense paid and income taxes paid. For the first six months, cash flow from operating activities decreased by $24.4 million to reach $220.3 million compared to $244.7 million in the first half of fiscal 2014. The decrease for the period is mainly attributable to the decreases in changes in non-cash operating activities, partly offset by the improvement of adjusted EBITDA;

- The Corporation revised its financial guidelines for the 2015 fiscal year and management expects revenue to increase by $20 million to reach $2.05 billion, adjusted EBITDA by $10 million to reach $935 million and free cash flow by $10 million to reach $290 million as a result of the appreciation of the US dollar and British Pound compared to the Canadian dollar;

- A quarterly eligible dividend of $0.35 per share was paid to the holders of subordinate and multiple voting shares, representing an increase of $0.05 per share, or 16.7%, compared to a dividend of $0.30 per share paid in the second quarter of fiscal 2014. Dividend payments in the first six months totaled $0.70 per share in fiscal 2015 compared to $0.60 in the comparable period of fiscal 2014;

- At its April 8, 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 May 6, 2015;

- 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; and

- On March 26, 2015, the Canadian Radio-Television and Telecommunications Commission ("CRTC") issued its final decision on *Let's Talk TV* proceedings. The new regulatory framework is virtually aligned with the recommendations that the Corporation made, creating the optimum environment for future growth of our video services in harmony with the customer expectations.

“We are satisfied with our financial results for the second quarter of fiscal year 2015,” declared Louis Audet, President and Chief Executive Officer of Cogeco Cable Inc. "We continue to maintain a rigorous cost control discipline in how we leverage our spending while continuing to seize on growth opportunities."

“We are pleased with the improvements in our cable customer acquisition and retention numbers in Canada and the United States, and the Enterprise data services segment is now poised to take better advantage of growth opportunities,” continued Louis Audet.

“Having completed the first half of the year, I feel our performance continues to be solid and I am confident that Cogeco Cable Inc. will deliver on its 2015 revised projections,” concluded Louis Audet.

ABOUT COGECO CABLE

Cogeco Cable Inc. (www.cogeco.ca) is a telecommunications corporation. It is the 11th largest cable operator in North America operating in Canada under the Cogeco Cable Canada name in Québec and Ontario, and in the United States under the Atlantic Broadband name in Western Pennsylvania, South Florida, Maryland/Delaware and South Carolina. Its two-way broadband fibre networks provide to its residential and business customers analogue and digital television, high speed Internet and telephony services. Through its subsidiaries Cogeco Data Services and Peer 1 Hosting, Cogeco Cable provides to its commercial customers a suite of information technology services (colocation, managed and dedicated hosting, managed IT, cloud and connectivity services), with 20 data centres, extensive fibre networks in Montréal and Toronto as well as points of-presence in North America and Europe. Cogeco Cable Inc.’s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

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Analyst Conference Call: **Thursday, April 9, 2015 at 11:00 a.m.** (Eastern Daylight Time)
Media representatives may attend as listeners only.

Please use the following dial-in number to have access to the conference call by dialing five minutes before the start of the conference:

Canada/United States Access Number: **1 800-524-8950**
International Access Number: **+ 1 416-260-0113**
Confirmation Code: **3132273**
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until April 15, 2015, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **3132273**

SHAREHOLDERS' REPORT
Three and six-month periods ended February 28, 2015

FINANCIAL HIGHLIGHTS

	Three months ended February 28,			Six months ended February 28,		
(in thousands of dollars, except percentages and per share data)	**2015**	2014	Change	**2015**	2014	Change
	$	$	%	**$**	$	%
Operations						
Revenue	**509,470**	486,008	4.8	**1,006,471**	960,988	4.7
Adjusted EBITDA(1)	**231,264**	221,616	4.4	**450,124**	433,138	3.9
Operating margin(1)	**45.4%**	45.6%	—	**44.7%**	45.1%	—
Profit for the period	**58,906**	60,381	(2.4)	**115,615**	110,079	5.0
Cash Flow						
Cash flow from operating activities	**198,195**	181,628	9.1	**220,317**	244,738	(10.0)
Cash flow from operations(1)	**175,809**	174,013	1.0	**343,631**	327,277	5.0
Acquisitions of property, plant and equipment, intangible and other assets	**102,673**	80,806	27.1	**205,556**	165,895	23.9
Free cash flow(1)	**73,136**	93,207	(21.5)	**138,075**	161,382	(14.4)
Financial Condition(2)						
Property, plant and equipment	**—**	—	—	**1,888,637**	1,830,971	3.1
Total assets	**—**	—	—	**5,452,899**	5,173,741	5.4
Indebtedness(3)	**—**	—	—	**2,956,912**	2,744,746	7.7
Shareholders' equity	**—**	—	—	**1,629,896**	1,508,256	8.1
Capital intensity(1)	**20.2%**	16.6%	—	**20.4%**	17.3%	—
Per Share Data(4)						
Earnings per share						
Basic	**1.21**	1.24	(2.4)	**2.37**	2.26	4.9
Diluted	**1.19**	1.23	(3.3)	**2.34**	2.24	4.5

(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 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 Cable's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Corporation's future operating results and economic performance and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Cogeco Cable believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. The Corporation cautions the reader that the economic downturn experienced over the past few years makes forward-looking information and the underlying assumptions subject to greater uncertainty and that, consequently, they may not materialize, or the results may significantly differ from the Corporation's expectations. It is impossible for Cogeco Cable to predict with certainty the impact that the current economic uncertainties may have on future results. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in the "Uncertainties and main risk factors" section of the Corporation's 2014 annual MD&A) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include namely risks pertaining to markets and competition, technology, regulatory developments, operating costs, information systems, disasters or other contingencies, financial risks related to capital requirements, human resources, controlling shareholder and holding structure, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Corporation is under no obligation and does not undertake to update or alter this information at any particular time, except as may required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three and 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 Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to increase profitability and create shareholder value. To achieve these objectives, the Corporation has developed strategies that focus on expanding its service offerings and enhancing its existing services or bundles, improving the networks, improving customer experience and business processes as well as keeping a sound capital management and a strict control over spending. The Corporation measures its performance, with regard to these objectives by monitoring adjusted EBITDA[(1)], operating margin[(1)], free cash flow[(1)] and capital intensity[(1)].

KEY PERFORMANCE INDICATORS

ADJUSTED EBITDA AND OPERATING MARGIN

For the six-month period ended February 28, 2015, adjusted EBITDA increased by 3.9% to reach $450.1 million compared to the same period of fiscal 2014 and operating margin slightly decreased to 44.7% from 45.1%. Progression in the adjusted EBITDA is mainly attributable to the improvement in all of our operating segments combined with favorable foreign exchange rates benefiting our foreign operations compared to the same period of last year. Cogeco Cable's operating margin slightly decreased essentially due to the higher proportion of the Enterprise data services and the American cable services segments, partly offset by the improvement in the Canadian cable services segment. As a result of 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. Adjusted EBITDA is now expected to reach $935 million from $925 million and operating margin should remain the same at 45.6%. 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 Cable reported free cash flow of $138.1 million, a decrease of $23.3 million compared to $161.4 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 as explained below, partly offset by the improvement of adjusted EBITDA explained above. As a result of the improvement in 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.

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

During the six-month period ended February 28, 2015, the acquisitions of property, plant and equipment, intangible and other assets amounted to $205.6 million and revenue to over $1.0 billion for a capital intensity ratio of 20.4% compared to 17.3% in the same period of the prior year. Capital intensity ratio has increased mainly as result of higher acquisitions of property, plant and equipment, intangible and other assets in all of our our operating segments compared to the same period of the previous year.

In the Canadian cable services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $103.6 million and revenue to $629.2 million for a capital intensity of 16.5% compared to 14.1% for the same period of the prior year. The increase is mainly attributable to additional customer premise equipment as a result of the launch of TiVo digital advanced television services on November 3, 2014 in Ontario, partly offset by capital expenditures decreases due to the timing of certain initiatives.

In the American cable services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $42.9 million and revenue to $222.6 million for a capital intensity of 19.3% compared to 15.4% for the same period of fiscal 2014. The increase in capital expenditures is also mainly due to additional customer premise equipment resulting from the launch in fiscal 2014 of Tivo's digital advanced television services and PSU growth combined with the increase in scalable infrastructure to extend and improve the network capacity in some of its areas served.

In the Enterprise data services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $59.0 million and revenue to $156.1 million for a capital intensity of 37.8% compared to 33.0% for the same period of the previous year. The increase is essentially attributable to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie 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.

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

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

BUSINESS DEVELOPMENTS AND OTHER

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	**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 combined with the favorable foreign exchange rates for our foreign operations compared to the same periods of last year. For further details on the Corporation’s revenue, please refer to the “Segmented operating results" section.

OPERATING EXPENSES AND MANAGEMENT FEES

For the 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 combined with the appreciation of the US dollar and British Pound currency compared to the Canadian dollar. For further details on the Corporation’s operating expenses, please refer to the “Segmented operating results" section.

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. For further details on the Corporation’s management fees, please refer to the “Related party transactions” section.

ADJUSTED EBITDA AND OPERATING MARGIN

For the three and 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 is 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 slightly decreased 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. For further details on the Corporation’s adjusted EBITDA and operating margin, please refer to the “Segmented operating results" section.

FIXED CHARGES

	Three months ended			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	**116,855**	113,133	3.3	**231,448**	228,887	1.1
Financial expense	**35,524**	32,918	7.9	**71,252**	65,467	8.8

For the three and six-month periods ended February 28, 2015, depreciation and amortization expense amounted to $116.9 million and $231.4 million, respectively, compared to $113.1 million and $228.9 million for the same periods of the prior year. The increases for both periods are mainly due to the appreciation of the US dollar and the British Pound currency compared to Canadian dollar and from additional acquisitions of property, plant and equipment, partly offset by certain intangible assets being fully amortized since the end of the fourth quarter of fiscal 2014.

For the three and six-month periods ended February 28, 2015, financial expense amounted to $35.5 million and $71.3 million, respectively, representing increases of $2.6 million and $5.8 million compared to the same periods of prior year. Financial expense increased in both periods mainly as a result of the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

INCOME TAXES

For the three and six-month periods ended February 28, 2015, income taxes amounted to $18.6 million and $30.5 million, respectively, compared to $14.8 million and $28.1 million for the same periods in fiscal 2014. The increases for both periods are mostly due to the improvement of 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 $58.9 million, or $1.21 per share, compared to $60.4 million, or $1.24 per share in the second quarter of fiscal 2014 mainly as a result of 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 $115.6 million, or $2.37 per share, compared to $110.1 million, or $2.26 per share for the comparable period mainly due to the improvement of adjusted EBITDA, partly offset by increases in depreciation and amortization, financial expense and income taxes.

CUSTOMER STATISTICS

				Net additions (losses)		Net additions (losses)	
	Consolidated	**UNITED STATES**	**CANADA**	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 the Canadian cable services segment and 507,498 came from the American cable services segment. 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 American cable services segment, partly offset by net losses in the Canadian cable services segment as a result of the increasing mobile penetration rate and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile services only.

In the Canadian cable services segment, PSU decreased by 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 American cable services segment, 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.

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

RELATED PARTY TRANSACTIONS

Cogeco Cable Inc. is a subsidiary of COGECO Inc., which holds 31.9% of the Corporation’s equity shares, representing 82.4% of the Corporation’s voting shares. On September 1, 1992, Cogeco Cable Inc. executed a management agreement with COGECO Inc. under which the parent company agreed to provide certain executive, administrative, legal, regulatory, strategic and financial planning services and additional services to the Corporation and its subsidiaries (the “Management Agreement”). These services are provided by COGECO Inc.’s senior executives, including the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President, Regulatory Affairs and Copyright, the Vice President, Corporate Affairs, Chief Legal Officer and Secretary, the Vice President, Corporate Development, the Vice President and Treasurer, the Vice President, Public Affairs and Communications, the Vice President, Corporate Human Resources and the Vice President, Internal Audit and Risk Management. No direct remuneration is payable to such senior executives by the Corporation. However, during the first six months of fiscal 2015, the Corporation granted 61,300 (83,650 in 2014) stock options to these senior executives as senior executives of Cogeco Cable. During the second quarter and first six months of fiscal 2015, the Corporation charged COGECO Inc. amounts of $114,000 and $227,000 ($68,000 and $162,000 in 2014) with regards to the Corporation’s stock options granted to these senior executives.

No Incentive Share Units (“ISUs”) of the Corporation were granted to senior executives of COGECO Inc. during the first six months of fiscal 2015 (12,450 in 2014). During the second quarter and first six months of fiscal 2015, the Corporation charged to COGECO Inc. amounts of $74,000 and $160,000 ($119,000 and $318,000 in 2014) with regards to the ISUs previously granted by the Corporation to these executives of COGECO Inc.

The Corporation introduced a Performance Share Unit Plan ("PSU Plan") in the first quarter of fiscal 2015. During the first six months of fiscal 2015, the Corporation granted 11,050 Performance Share Units (“PSUs”) to senior executives of COGECO Inc. as senior executives of Cogeco Cable and charged COGECO Inc. amounts of $56,000 and $73,000 for the three and six-month periods ended February 28, 2015 with regards to the Corporation’s PSUs granted to these senior executives.

Under the Management Agreement, the Corporation pays monthly fees equal to 2% of its total revenue to COGECO Inc. for the above-mentioned services. The management fees are subject to annual upward adjustment based on increases in the Consumer Price Index in Canada. This limit can be increased under certain circumstances upon request to that effect by COGECO Inc. For fiscal year 2015, management fees have been set at a maximum of $9.9 million ($9.7 million in 2014), which were fully paid in the first quarter. For fiscal year 2014, management fees were fully paid in the first half of the year. In addition, the Corporation reimburses COGECO Inc.’s out-of-pocket expenses incurred with respect to services provided to the Corporation under the Management Agreement.

Details regarding the Management Agreement and stock options and ISUs granted to COGECO Inc.’s senior executives are provided in the Corporation’s 2014 Annual Report. Details regarding the new PSU Plan are provided in Note 10 of the condensed interim consolidated financial statements. There were no other material related party transactions during the periods covered.

CASH FLOW ANALYSIS

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**175,809**	174,013	**343,631**	327,277
Changes in non-cash operating activities	**(4,086)**	(6,081)	**(134,027)**	(92,785)
Amortization of deferred transaction costs and discounts on long-term debt	**(2,094)**	(1,888)	**(4,112)**	(3,730)
Income taxes paid	**(14,371)**	(19,239)	**(34,721)**	(37,543)
Current income taxes	**22,666**	20,217	**39,910**	46,770
Financial expense paid	**(15,253)**	(18,312)	**(61,616)**	(60,718)
Financial expense	**35,524**	32,918	**71,252**	65,467
Cash flow from operating activities	**198,195**	181,628	**220,317**	244,738
Cash flow from investing activities	**(102,542)**	(80,655)	**(205,292)**	(165,315)
Cash flow from financing activities	**(95,948)**	(74,458)	**(64,489)**	(66,151)
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	**1,623**	28,241	**(45,916)**	15,197
Cash and cash equivalents, beginning of the period	**16,292**	26,531	**63,831**	39,575
Cash and cash equivalents, end of the period	**17,915**	54,772	**17,915**	54,772

OPERATING ACTIVITIES

Fiscal 2015 second-quarter cash flow from operating activities reached $198.2 million compared to $181.6 million, representing an increase of $16.6 million, or 9.1%, compared to fiscal 2014 second-quarter. The increase is mainly explained by the increases of $9.6 million in adjusted EBITDA combined with decreases of $3.1 million in financial expense paid and of $4.9 million in income taxes paid. For the first six months of fiscal 2015, cash flow from operating activities reached $220.3 million compared to $244.7 million, representing a decrease of $24.4 million, or 10.0%, compared to the same period of fiscal 2014. The decrease is mainly explained by the decrease of $41.2 million in changes in non-cash operating activities as a result of a higher decrease in trade and other payables compared to the same period of prior year, partly offset by the improvement of $17.0 million in adjusted EBITDA.

For the the second quarter ended February 28, 2015, cash flow from operations remained essentially the same at $175.8 million compared to $174.0 million for the same period last year, mainly explained by the improvement of $9.6 million in adjusted EBITDA, partly offset by the increases of $2.6 million in financial expense and of $2.4 million in current income taxes. For the six-month period ended February 28, 2015, cash flow from operations amounted to $343.6 million compared to $327.3 million for the comparable period in fiscal 2014, representing an increase of $16.4 million, or 5.0%, mainly explained by the improvement of $17.0 million in adjusted EBITDA and the decrease in current income taxes of $6.9 million, partly offset by the increase of $5.8 million in financial expense.

INVESTING ACTIVITIES

For the three and six-month periods ended February 28, 2015, investing activities amounted to $102.5 million and $205.3 million, respectively, compared to $80.7 million and $165.3 million for the comparable period of fiscal 2014, mainly due to the acquisitions of property, plant and equipment, intangible and other assets as explained below.

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

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

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Customer premise equipment(1)	**32,540**	18,228	**67,872**	43,545
Scalable infrastructure(2)	**16,204**	15,675	**29,981**	35,475
Line extensions	**11,285**	6,121	**21,315**	11,418
Upgrade / Rebuild	**4,319**	5,261	**8,515**	10,567
Support capital	**4,602**	4,750	**12,048**	8,731
Acquisition of property, plant and equipment - Cable services	**68,950**	50,035	**139,731**	109,736
Acquisition of property, plant and equipment - Enterprise data services	**29,858**	26,158	**58,493**	47,430
Acquisition of property, plant and equipment - Head office	**2**	—	**2**	—
Acquisitions of property, plant and equipment	**98,810**	76,193	**198,226**	157,166
Acquisition of intangible and other assets - Cable services	**3,559**	3,467	**6,797**	7,145
Acquisition of intangible and other assets - Enterprise data services	**304**	1,146	**533**	1,584
Acquisitions of intangible and other assets	**3,863**	4,613	**7,330**	8,729
	102,673	80,806	**205,556**	165,895

(1) Includes mainly home terminal devices as well as new and replacement drops.
(2) Includes mainly head-end equipment, digital video and telephony transport as well as HSI equipment.

For the second quarter ended February 28, 2015, acquisition of property, plant and equipment in the Canadian and American cable services segments amounted to $69.0 million compared to $50.0 million for the comparable period of fiscal 2014 of which $49.1 million, came from the Canadian cable services segment compared to $32.5 million for the comparable period of the prior year and $19.9 million came from the American cable services segment compared to $17.5 million for the same period of fiscal 2014.

For the six-month period ended February 28, 2015, acquisition of property, plant and equipment in the Canadian and American cable services segments amounted to $139.7 million compared to $109.7 million for the comparable period of fiscal 2014 of which $98.1 million, came from the Canadian cable services segment compared to $81.3 million for the comparable period of the prior and $41.6 million came from the American cable services segment compared to $28.4 million for the same period of fiscal 2014.

For the six-month period ended February 28, 2015, the capital intensity for the Canadian and American cable services segments reached 16.5% and 19.3%, respectively, compared to 14.1% and 15.4% for the same period of prior year. Capital intensity ratio has increased mainly as result of higher acquisitions of property, plant and equipment attributable to the following factors:

- In the Canadian cable services segment, the increase in acquisition of property, plant and equipment during the three and six-month periods ended February 28, 2015 was mainly due to additional customer premise equipment for the launch of TiVo digital advanced television services on November 3, 2014 in Ontario, partly offset by capital expenditures decreases due to the timing of certain initiatives; and

- In the American cable services segment, the increase in acquisition of property, plant and equipment during the three and six-month periods ended February 28, 2015 was mainly due to additional customer premise equipment resulting from the launch in fiscal 2014 of TiVo's digital advanced television as well as the PSU growth combined with the increase in scalable infrastructure to extend and improve network capacity in the areas served as well as higher foreign exchange rates compared to last year.

During fiscal 2015 second-quarter and first six months, acquisition of property, plant and equipment in the Enterprise data services segment amounted to $29.9 million and $58.5 million, respectively, compared to $26.2 million and $47.4 million for the same periods of fiscal 2014. The increases are mainly due to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie, Ontario data centre as well as the expansion of its data centre footprint with the construction of pod 1 in the new data centre in Montréal, Québec.

Acquisition of intangible and other assets are mainly attributable to reconnect and additional service activation costs as well as other customer acquisition costs. For the second quarter and the 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 mainly due to lower reconnect activities in the Canadian cable services segment.

FREE CASH FLOW AND FINANCING ACTIVITIES

For the second quarter of fiscal 2015, free cash flow amounted to $73.1 million, representing a decrease of $20.1 million compared to $93.2 million for the same period in fiscal 2014. The decrease is mainly attributable to the increase of $22.6 million in acquisitions of property, plant and equipment explained above. For the first six months of fiscal 2015, free cash flow decreased by $23.3 million to reach $138.1 million, compared to $161.4 million for the same period of prior year. The decrease is mainly due to the increase of $41.1 million in acquisitions of property, plant and equipment, partly offset by the improvement of $17.0 million in adjusted EBITDA.

In the second quarter of fiscal 2015, a lower Indebtedness level resulted in a cash decrease of $83.1 million mainly due to the repayments of $75.6 million under the revolving facilities and the repayments of $3.6 million of long-term debt combined with the decrease of $3.9 million in bank indebtedness. In the second quarter of fiscal 2014, a lower indebtedness level resulted in a cash decrease of $60.9 million mainly due to the repayments of $48.9 million under the revolving facilities and the decrease of $7.4 million in bank indebtedness.

For the first six-month period ended February 28, 2015, a lower Indebtedness level resulted in a cash decrease of $28.9 million, mainly due to the repayments of $24.4 million under the revolving facilities combined with the repayments of $20.3 million of long-term debt, partly offset by the increase of $15.8 million in bank indebtedness. For the first six months of fiscal 2014, a lower Indebtedness level resulted in a cash decrease of $33.2 million, mainly due to a decrease in bank indebtedness of $11.5 million and repayments under the revolving facilities of $15.6 million.

During the second quarter of fiscal 2015, a quarterly eligible dividend of $0.35 per share was paid to the holders of subordinate and multiple voting shares, totaling $17.1 million, compared to a quarterly eligible dividend paid of $0.30 per share, or $14.6 million in the second quarter of fiscal 2014. Dividend payments in the first six months totaled $0.70, or $34.2 million, compared to $0.60 per share, or $29.2 million the year before.

At February 28, 2015, the Corporation had a working capital deficiency of $409.4 million compared to $267.6 million at August 31, 2014. The $141.9 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 combined with the decrease of $45.9 million in cash and cash equivalents, partly offset by the decrease of $112.5 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 Cable maintains a working capital deficiency due to a low level of accounts receivable since a large proportion of the Corporation's customers pay before their services are rendered, unlike trade and other payables, which are usually paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At February 28, 2015, the Corporation 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 the Corporation 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 $112.5 million in trade and other payables related to the timing of payments made to suppliers. Property, plant and equipment and intangible assets increased by $57.7 million and $97.3 million, respectively, due to the appreciation of the US dollar and British Pound currency against the Canadian dollar, partly offset by the depreciation and amortization expense exceeding capital expenditures. Goodwill increased by $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 Cable'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/options	Amount (in thousands of dollars)
Common shares		
Multiple voting shares	15,691,100	$ 98,346
Subordinate voting shares	33,532,442	$ 918,005
Options to purchase subordinate voting shares		
Outstanding options	740,473	
Exercisable options	246,222	

FINANCING

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

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

FINANCIAL MANAGEMENT

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At February 28, 2015, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

The following table shows the interest rate swaps outstanding at 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 $3.8 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 American cable services and a portion of the Enterprise data services 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 tables highlight in Canadian dollars, the impact of a 10% increase in the US dollar and British Pound against the Canadian dollar as the case may be, of Cogeco Cable's operating results for the three and six-month periods ended February 28, 2015:

	Canadian cable services		American cable services		Enterprise data services	
Three months ended February 28, 2015	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$
Revenue	**313,966**	**—**	**116,035**	**11,602**	**80,152**	**4,012**
Operating expenses	**154,931**	**1,054**	**66,116**	**6,611**	**51,771**	**2,947**
Adjusted EBITDA	**159,035**	**(1,054)**	**49,919**	**4,991**	**28,381**	**1,065**
Acquisitions of property, plant and equipment, intangible and other assets	**51,904**	**2,538**	**20,605**	**2,064**	**30,162**	**623**

	Canadian cable services		American cable services		Enterprise data services	
Six months ended February 28, 2015	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$
Revenue	**629,188**	**—**	**222,606**	**22,254**	**156,112**	**7,750**
Operating expenses	**310,322**	**1,687**	**125,850**	**12,577**	**101,734**	**5,733**
Adjusted EBITDA	**318,866**	**(1,687)**	**96,756**	**9,677**	**54,378**	**2,017**
Acquisitions of property, plant and equipment, intangible and other assets	**103,601**	**6,337**	**42,927**	**4,310**	**59,026**	**1,022**

DIVIDEND DECLARATION

At its April 8, 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 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.

SEGMENTED OPERATING RESULTS

The Corporation reports its operating results in three operating segments: Canadian cable services, American cable services and Enterprise data services. The reporting structure reflects how the Corporation manages the business activities to make decisions about resources to be allocated to the segment and to assess its performance.

CANADIAN CABLE SERVICES

CUSTOMER STATISTICS

		Net additions (losses)				% of penetration(1)	
		Three months ended		Six months ended			
	February 28, 2015	**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014
PSU(2)	**1,943,658**	**(7,659)**	(13,425)	**(2,364)**	(18,045)		
Television service customers	**780,477**	**(9,209)**	(11,797)	**(16,688)**	(18,919)	**46.4**	48.5
HSI service customers	**698,247**	**5,336**	4,724	**18,663**	11,644	**41.5**	40.0
Telephony service customers	**464,934**	**(3,786)**	(6,352)	**(4,339)**	(10,770)	**27.6**	28.1

(1) As a percentage of homes passed.
(2) Represents the sum of Television, HSI and Telephony service customers.

Fiscal 2015 second-quarter and first six months PSU net losses amounted to 7,659 and 2,364, respectively, compared to 13,425 and 18,045 for the same periods of last year, mainly as a result of lower decreases in the Television and Telephony services, partly offset by additional customers in HSI services. For the second quarter and first six months of fiscal 2015, net customer losses for Television service stood at 9,209 and 16,688 compared to 11,797 and 18,919 for the same periods of fiscal 2014. Television service customer net losses are mainly due to the promotional offers of competitors for the video service, service category maturity and the expansion of IPTV footprint of competitors, partly offset by the launch of TiVo digital advanced television services on November 3, 2014 in Ontario. For the second quarter and first six months of fiscal 2015, net additions for HSI service customers stood at 5,336 and 18,663 compared to 4,724 and 11,644 for the comparable periods of fiscal 2014. HSI net additions continue to stem from the enhancement of the product offering, the impact of bundle offers of Television, HSI and Telephony services, promotional activities and the growth in the business sector. Net losses for the Telephony service amounted to 3,786 and 4,339 for the second quarter and the first six months of fiscal 2015, compared to 6,352 and 10,770 for the same periods of prior year mainly attributable to the increasing mobile penetration rate in North America and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile telephony services only.

Furthermore, at February 28, 2015, 70% (68% in 2014) of the Canadian cable services customers subscribed to two or more services. The distribution of customers by number of services for the Canadian cable services were: 30% who subscribe to the single play (32% in 2014), 34% to the double play (32% in 2014) and 36% to the triple play (36% in 2014).

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	**313,966**	313,159	0.3	**629,188**	622,678	1.0
Operating expenses	**154,931**	155,372	(0.3)	**310,322**	310,545	(0.1)
Adjusted EBITDA	**159,035**	157,787	0.8	**318,866**	312,133	2.2
Operating margin	**50.7%**	50.4%		**50.7%**	50.1%	

REVENUE

Fiscal 2015 second-quarter revenue increased by $0.8 million, or 0.3%, to reach $314.0 million, compared to the same period last year. For the first six months, revenue increased by $6.5 million, or 1.0%, to reach $629.2 million, compared to the first six months of fiscal 2014. Revenue increase is mainly attributable to a rate increase implemented in April 2014 in Québec and Ontario, partly offset by PSU losses as a result of promotional offers of competitors and service category maturity.

OPERATING EXPENSES

For the second quarter and first six months ended February 28, 2015, operating expenses remained essentially the same at $154.9 million and $310.3 million, respectively, compared to $155.4 million and $310.5 million for the same periods last year, mainly as a result of additional marketing initiatives related to the launch of TiVo digital advanced television services on November 3, 2014 in Ontario, mostly offset by cost reduction initiatives.

ADJUSTED EBITDA AND OPERATING MARGIN

Fiscal 2015 second-quarter adjusted EBITDA amounted to $159.0 million, or 0.8% higher than in the same period of the prior year. For the first six months of fiscal 2015, adjusted EBITDA amounted to $318.9 million, or 2.2% higher than in the same period of the prior year. Both increases in adjusted EBITDA are mainly attributable to revenue growth combined with operating expense reductions. Consequently, operating margin increased compared to fiscal 2014 second-quarter from 50.4% to 50.7% and from 50.1% to 50.7% for the first six months of fiscal 2015 compared to the prior year.

AMERICAN CABLE SERVICES

CUSTOMER STATISTICS

		Net additions (losses)				% of penetration[1]	
		Three months ended		Six months ended			
	February 28, 2015	**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014
PSU[2]	**507,498**	**5,543**	3,120	**11,336**	5,015		
Television service customers	**224,004**	**(939)**	(1,451)	**(1,925)**	(3,422)	**43.1**	44.2
HSI service customers	**200,560**	**5,483**	4,165	**10,691**	7,697	**38.6**	35.7
Telephony service customers	**82,934**	**999**	406	**2,570**	740	**16.0**	15.3

(1) As a percentage of homes passed.
(2) Represents the sum of Television, HSI and Telephony service customers.

Fiscal 2015 second-quarter and first six months PSU net additions amounted to 5,543 and 11,336, respectively, compared to 3,120 and 5,015 for the same periods of the prior year. Net customer losses for the Television service stood at 939 and 1,925, respectively, for the second quarter and first six months of fiscal 2015 compared to 1,451 and 3,422 for the same periods of last year as a result of competitive offers in the industry, partly offset by the growth of TiVo's digital advanced television services launched during the first quarter of fiscal 2014. For the second quarter and first six months of fiscal 2015, net customer additions for HSI service amounted to 5,483 and 10,691 compared to 4,165 and 7,697 for the same periods of the prior year mainly due to the launch of TiVo's services, additional marketing initiatives which focused on bundle package offerings, thus increasing overall demand for the HSI residential services as well as increased commercial HSI customers. The net customer additions for Telephony service stood at 999 and 2,570 for the three and six-month periods ended February 28, 2015, compared to 406 and 740 for the same periods in fiscal 2014.

Furthermore, as at February 28, 2015, 59% (59% in 2014) of the American cable services customers subscribed to two or more services. The distribution of customers by number of services for the American cable services were: 41% who subscribe to the single play (41% in 2014), 38% to the double play (38% in 2014) and 21% to the triple play (21% in 2014).

OPERATING RESULTS

	Three months ended			Six months ended		
	February 28, 2015	February 28, 2014	Change	**February 28, 2015**	February 28, 2014	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**116,035**	98,048	18.3	**222,606**	190,597	16.8
Operating expenses	**66,116**	55,767	18.6	**125,850**	105,786	19.0
Adjusted EBITDA	**49,919**	42,281	18.1	**96,756**	84,811	14.1
Operating margin	**43.0%**	43.1%		**43.5%**	44.5%	

REVENUE

Fiscal 2015 second-quarter revenue increased by $18.0 million, or 18.3%, to reach $116.0 million compared to the same period last year. For the first six months, revenue amounted to $222.6 million, an increase of $32.0 million compared to the first six months of fiscal 2014. Revenue increased in both periods as a result of favorable foreign exchange rates compared to the same period last year, PSU growth as well as rate increases implemented during the first quarter of fiscal 2015.

For the second quarter and first six months of fiscal 2015, revenue in local currency amounted to US$96.3 million and US$191.6 million compared to US$90.1 million and US$179.1 million for the same periods last year.

OPERATING EXPENSES

Fiscal 2015 second-quarter operating expenses amounted to $66.1 million, an increase of 18.6% compared to the same period last year. For the first six months, operating expenses amounted to $125.9 million, an increase of $20.1 million compared to the first six months of fiscal 2014. The increases for both periods is mainly attributable to the appreciation of the US dollar over the Canadian dollar, additional PSU, marketing initiatives to improve PSU growth as well as the deployment of TiVo digital advanced television services.

Operating expenses in local currency for the second quarter and first six months of fiscal 2015 amounted to US$54.9 million and US$108.3 million compared to US$51.2 million and US$99.3 million for the comparable periods of fiscal 2014.

ADJUSTED EBITDA AND OPERATING MARGIN

Adjusted EBITDA for the second-quarter and first six months of fiscal 2015 increased by 18.1% and 14.1% to reach $49.9 million and $96.8 million, respectively, compared to $42.3 million and $84.8 million for the same periods of fiscal 2014 as a result of the factors previously discussed. As a result of operating expenses growth exceeding revenue growth, operating margin for the three and six-month periods ended February 28, 2015 decreased to 43.0% from 43.1% and to 43.5% from 44.5% for the comparable periods of the prior year.

Fiscal 2015 second-quarter and first six months adjusted EBITDA in local currency amounted to US$41.4 million and US$83.3 million compared to US$38.9 million and US$79.8 million for the same periods last year.

ENTERPRISE DATA SERVICES

	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	**80,152**	75,339	6.4	**156,112**	148,711	5.0
Operating expenses	**51,771**	50,174	3.2	**101,734**	95,655	6.4
Adjusted EBITDA	**28,381**	25,165	12.8	**54,378**	53,056	2.5
Operating margin	**35.4%**	33.4%		**34.8%**	35.7%	

OPERATING RESULTS

REVENUE

Fiscal 2015 second-quarter revenue increased by $4.8 million, or 6.4%, to reach $80.2 million, compared to the same period last year. For the first six months of fiscal 2015, revenue amounted to $156.1 million, an increase of $7.4 million compared to the first six months of fiscal 2014. The increase for both periods is mainly due of the appreciation of the US dollar and the British Pound against the Canadian dollar for our foreign operations as well as the organic growth. In addition, the increase over the periods would have been higher without some revenue recorded in the fiscal 2014 first and second quarters, which were subsequently reversed through billing adjustments and credit notes in the second half of fiscal 2014 as a result of the application of more rigorous controls as a part of the certification process.

OPERATING EXPENSES

For the second quarter of fiscal 2015 operating expenses increased by $1.6 million, to $51.8 million. For the first six months of fiscal 2015, operating expenses increased by $6.1 million to reach $101.7 million. The increase for both periods are primarily due to the appreciation of the US dollar and the British Pound against the Canadian dollar, higher labour and benefits costs and higher various infrastructure support costs.

ADJUSTED EBITDA AND OPERATING MARGIN

Fiscal 2015 second-quarter adjusted EBITDA increased by $3.2 million, or 12.8%, to reach $28.4 million compared to the same period of the prior year. As a result of revenue growth exceeding operating expenses, operating margin increased to 35.4% from 33.4% compared to the same period of fiscal 2014.

Fiscal 2015 first six months adjusted EBITDA increased by $1.3 million, or 2.5%, to reach $54.4 million compared to the same period of fiscal 2014. As a result of operating expenses growth exceeding revenue, operating margin decreased to 34.8% from 35.7% in first six months compared to the same period of the prior year.

FISCAL 2015 FINANCIAL GUIDELINES

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 Cable’s internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

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

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

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR at 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 six-month periods ended February 28, 2015.

UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2014 Annual Report, available at www.sedar.com and 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.
- IFRIC 21 *Levies* which sets out the accounting for an obligation to pay a levy that is not income taxes. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized.

CHANGES IN CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies, estimates and future accounting pronouncements since August 31, 2014. A description of the Corporation's policies and estimates can be found in the 2014 Annual Report, available on the SEDAR website at www.sedar.com or on the Corporation's website at www.cogeco.ca.

NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Cable throughout this MD&A. It also provides reconciliations between these non-IFRS measures and the most comparable IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. These measures include "cash flow from operations", "free cash flow", "adjusted EBITDA", "operating margin" and "capital intensity".

CASH FLOW FROM OPERATIONS AND FREE CASH FLOW

Cash flow from operations is used by Cogeco Cable's management and investors to evaluate cash flows generated by operating activities, excluding the impact of changes in non-cash operating activities, amortization of deferred transaction costs and discounts on long-term debt, income taxes paid, current income taxes, financial expense paid and financial expense. This allows the Corporation to isolate the cash flows from operating activities from the impact of cash management decisions. Cash flow from operations is subsequently used in calculating the non-IFRS measure, "free cash flow". Free cash flow is used, by Cogeco Cable's management and investors, to measure its ability to repay debt, distribute capital to its shareholders and finance its growth.

The most comparable IFRS measure is cash flow from operating activities. Cash flow from operations is calculated as follows:

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operating activities	**198,195**	181,628	**220,317**	244,738
Changes in non-cash operating activities	**4,086**	6,081	**134,027**	92,785
Amortization of deferred transaction costs and discounts on long-term debt	**2,094**	1,888	**4,112**	3,730
Income taxes paid	**14,371**	19,239	**34,721**	37,543
Current income taxes	**(22,666)**	(20,217)	**(39,910)**	(46,770)
Financial expense paid	**15,253**	18,312	**61,616**	60,718
Financial expense	**(35,524)**	(32,918)	**(71,252)**	(65,467)
Cash flow from operations	**175,809**	174,013	**343,631**	327,277

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	**175,809**	174,013	**343,631**	327,277
Acquisition of property, plant and equipment	**(98,810)**	(76,193)	**(198,226)**	(157,166)
Acquisition of intangible and other assets	**(3,863)**	(4,613)	**(7,330)**	(8,729)
Free cash flow	**73,136**	93,207	**138,075**	161,382

ADJUSTED EBITDA AND OPERATING MARGIN

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

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

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars, except percentages)	**$**	$	**$**	$
Profit for the period	**58,906**	60,381	**115,615**	110,079
Income taxes	**18,640**	14,838	**30,470**	28,111
Financial expense	**35,524**	32,918	**71,252**	65,467
Depreciation and amortization	**116,855**	113,133	**231,448**	228,887
Integration, restructuring and acquisitions costs	**1,339**	346	**1,339**	594
Adjusted EBITDA	**231,264**	221,616	**450,124**	433,138
Revenue	**509,470**	486,008	**1,006,471**	960,988
Operating margin	**45.4%**	45.6%	**44.7%**	45.1%

CAPITAL INTENSITY

Capital intensity is used by Cogeco Cable's management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue. Capital intensity ratio is defined as amount spent for acquisitions of property, plant and equipment, intangible and other assets divided by revenue.

Capital intensity is calculated as follows:

	Three months ended		Six months ended	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
(in thousands of dollars, except percentages)	**$**	$	**$**	$
Acquisition of property, plant and equipment	**98,810**	76,193	**198,226**	157,166
Acquisition of intangible and other assets	**3,863**	4,613	**7,330**	8,729
Total capital expenditures	**102,673**	80,806	**205,556**	165,895
Revenue	**509,470**	486,008	**1,006,471**	960,988
Capital intensity	**20.2%**	16.6%	**20.4%**	17.3%

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Three months ended	**February 28,**		November 30,		August 31,		May 31,	
(in thousands of dollars, except percentages and per share data)	**2015**	2014	**2014**	2013	2014	2013	2014	2013
	$	$	**$**	$	$	$	$	$
Revenue	**509,470**	486,008	**497,001**	474,890	490,155	470,386	496,448	464,497
Adjusted EBITDA	**231,264**	221,616	**218,860**	211,522	230,830	222,539	229,389	215,182
Operating margin	**45.4%**	45.6%	**44.0%**	44.5%	47.1%	47.3%	46.2%	46.3%
Impairment of property, plant and equipment	**—**	—	**—**	—	3,296	—	32,197	—
Income taxes	**18,640**	14,838	**11,830**	13,273	16,272	11,159	8,801	18,411
Profit for the period	**58,906**	60,381	**56,709**	49,698	63,848	43,870	35,514	48,079
Profit for the period attributable to owners of the Corporation	**58,906**	60,381	**56,709**	49,698	63,848	43,870	35,514	47,877
Cash flow from operating activities	**198,195**	181,628	**22,122**	63,110	329,195	228,230	184,435	166,976
Cash flow from operations	**175,809**	174,013	**167,822**	153,264	187,276	161,581	175,595	155,868
Acquisitions of property, plant and equipment, intangible and other assets	**102,673**	80,806	**102,883**	85,089	165,125	108,095	84,452	112,841
Free cash flow	**73,136**	93,207	**64,939**	68,175	22,151	53,486	91,143	43,027
Capital intensity	**20.2%**	16.6%	**20.7%**	17.9%	33.7%	23.0%	17.0%	24.3%
Earnings per share(1)								
Basic	**1.21**	1.24	**1.16**	1.02	1.31	0.90	0.73	0.98
Diluted	**1.19**	1.23	**1.15**	1.01	1.30	0.89	0.72	0.98

(1) Per multiple and subordinate voting share.

SEASONAL VARIATIONS

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations except as follows. In the Canadian and American cable services segments, the number of customers in the Television services and HSI services are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Cable offers its services in several university and college towns such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada and in the Pennsylvania region, and to a lesser extent in South Carolina, Maryland and Delaware in United States. In the American cable services segment, 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, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. As the maximum amount was reached in the first quarter of fiscal 2015, Cogeco Cable will not pay any management fees for the remainder of the year. In fiscal 2014, as the maximum amount was paid in the first six months, Cogeco Cable paid no management fees in the second half of the year.

ADDITIONAL INFORMATION

This MD&A was prepared on 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 Cable Inc.
Montréal, Québec
April 8, 2015

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month and six-month periods ended February 28, 2015

COGECO CABLE 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		**509,470**	486,008	**1,006,471**	960,988
Operating expenses	*4*	**278,206**	264,227	**546,470**	518,176
Management fees – COGECO Inc.		**—**	165	**9,877**	9,674
Integration, restructuring and acquisition costs		**1,339**	346	**1,339**	594
Depreciation and amortization	*5*	**116,855**	113,133	**231,448**	228,887
Financial expense	*6*	**35,524**	32,918	**71,252**	65,467
Income taxes	*7*	**18,640**	14,838	**30,470**	28,111
Profit for the period		**58,906**	60,381	**115,615**	110,079
Earnings per share	*8*				
Basic		**1.21**	1.24	**2.37**	2.26
Diluted		**1.19**	1.23	**2.34**	2.24

COGECO CABLE 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	**58,906**	60,381	**115,615**	110,079
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	**(1,981)**	(407)	**(3,381)**	667
Related income taxes	**533**	109	**909**	(180)
	(1,448)	(298)	**(2,472)**	487
Other comprehensive income for the period	**25,136**	11,125	**37,716**	15,817
Comprehensive income for the period	**84,042**	71,506	**153,331**	125,896

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	—	—	—	110,079	110,079
Other comprehensive income for the period	—	—	15,330	487	15,817
Comprehensive income for the period	—	—	15,330	110,566	125,896
Issuance of subordinate voting shares under the Stock Option Plan	4,428	—	—	—	4,428
Share-based payment	—	2,687	—	—	2,687
Share-based payment previously recorded in share-based payment reserve for options exercised	1,356	(1,356)	—	—	—
Dividends on multiple voting shares (Note 10 C))	—	—	—	(9,415)	(9,415)
Dividends on subordinate voting shares (Note 10 C))	—	—	—	(19,814)	(19,814)
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	2,384	(2,363)	—	(21)	—
Total contributions by (distributions to) shareholders	1,234	(1,032)	—	(29,250)	(29,048)
Balance at February 28, 2014	993,907	9,852	34,432	401,597	1,439,788
Balance at August 31, 2014	**997,144**	**11,280**	**28,325**	**471,507**	**1,508,256**
Profit for the period	**—**	**—**	**—**	**115,615**	**115,615**
Other comprehensive income (loss) for the period	**—**	**—**	**40,188**	**(2,472)**	**37,716**
Comprehensive income for the period	**—**	**—**	**40,188**	**113,143**	**153,331**
Issuance of subordinate voting shares under the Stock Option Plan	**5,551**	**—**	**—**	**—**	**5,551**
Share-based payment	**—**	**3,375**	**—**	**—**	**3,375**
Share-based payment previously recorded in share-based payment reserve for options exercised	**1,387**	**(1,387)**	**—**	**—**	**—**
Dividends on multiple voting shares (Note 10 C))	**—**	**—**	**—**	**(10,984)**	**(10,984)**
Dividends on subordinate voting shares (Note 10 C))	**—**	**—**	**—**	**(23,208)**	**(23,208)**
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**(6,425)**	**—**	**—**	**—**	**(6,425)**
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	**2,851**	**(2,879)**	**—**	**28**	**—**
Total contributions by (distributions to) shareholders	**3,364**	**(891)**	**—**	**(34,164)**	**(31,691)**
Balance at February 28, 2015	**1,000,508**	**10,389**	**68,513**	**550,486**	**1,629,896**

COGECO CABLE 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		**17,915**	63,831
Trade and other receivables		**105,868**	95,514
Income taxes receivable		**16,057**	21,714
Prepaid expenses and other		**23,070**	16,117
Derivative financial instruments		**38,133**	—
		201,043	197,176
Non-current			
Other assets		**10,756**	11,203
Property, plant and equipment		**1,888,637**	1,830,971
Intangible assets		**1,992,120**	1,894,846
Goodwill		**1,349,323**	1,220,529
Derivative financial instruments		**—**	6,132
Deferred tax assets		**11,020**	12,884
		5,452,899	5,173,741
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**15,845**	—
Trade and other payables		**201,034**	313,560
Provisions		**18,649**	15,987
Income tax liabilities		**46,083**	47,483
Deferred and prepaid revenue		**58,255**	55,376
Derivative financial instruments		**214**	—
Current portion of long-term debt	*9*	**270,400**	32,323
		610,480	464,729
Non-current			
Long-term debt	*9*	**2,676,163**	2,686,191
Deferred and prepaid revenue and other liabilities		**25,471**	23,710
Pension plan liabilities and accrued employees benefits		**6,827**	6,260
Deferred tax liabilities		**504,062**	484,595
		3,823,003	3,665,485
Shareholders' equity			
Share capital	*10 B)*	**1,000,508**	997,144
Share-based payment reserve		**10,389**	11,280
Accumulated other comprehensive income	*11*	**68,513**	28,325
Retained earnings		**550,486**	471,507
		1,629,896	1,508,256
		5,452,899	5,173,741

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

		Three months ended February 28,		Six months ended February 28,	
	Notes	**2015**	2014	**2015**	2014
(In thousands of Canadian dollars)		**$**	$	**$**	$
Cash flow from operating activities					
Profit for the period		**58,906**	60,381	**115,615**	110,079
Adjustments for:					
Depreciation and amortization	*5*	**116,855**	113,133	**231,448**	228,887
Financial expense	*6*	**35,524**	32,918	**71,252**	65,467
Income taxes	*7*	**18,640**	14,838	**30,470**	28,111
Share-based payment	*10 D)*	**1,573**	1,527	**3,300**	2,967
Loss on disposals and write-offs of property, plant and equipment		**760**	1,557	**1,413**	1,295
Defined benefit plans contributions, net of expense		**(353)**	906	**(2,817)**	(1,022)
		231,905	225,260	**450,681**	435,784
Changes in non-cash operating activities	*12*	**(4,086)**	(6,081)	**(134,027)**	(92,785)
Financial expense paid		**(15,253)**	(18,312)	**(61,616)**	(60,718)
Income taxes paid		**(14,371)**	(19,239)	**(34,721)**	(37,543)
		198,195	181,628	**220,317**	244,738
Cash flow from investing activities					
Acquisition of property, plant and equipment		**(98,810)**	(76,193)	**(198,226)**	(157,166)
Acquisition of intangible and other assets		**(3,863)**	(4,613)	**(7,330)**	(8,729)
Other		**131**	151	**264**	580
		(102,542)	(80,655)	**(205,292)**	(165,315)
Cash flow from financing activities					
Increase (decrease) in bank indebtedness		**(3,894)**	(7,363)	**15,845**	(11,538)
Net decreases under the revolving facilities		**(75,570)**	(48,938)	**(24,442)**	(15,599)
Repayments of long-term debt		**(3,614)**	(4,640)	**(20,346)**	(6,038)
Increase in deferred transaction costs		**(480)**	—	**(480)**	(1,241)
Issuance of subordinate voting shares	*10 B)*	**4,726**	1,105	**5,551**	4,428
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)**	(4,708)	**(10,984)**	(9,415)
Dividends paid on subordinate voting shares	*10 C)*	**(11,624)**	(9,914)	**(23,208)**	(19,814)
		(95,948)	(74,458)	**(64,489)**	(66,151)
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		**1,623**	28,241	**(45,916)**	15,197
Cash and cash equivalents, beginning of the period		**16,292**	26,531	**63,831**	39,575
Cash and cash equivalents, end of the period		**17,915**	54,772	**17,915**	54,772

NATURE OF OPERATIONS

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

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

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

1. BASIS OF PRESENTATION

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

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

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

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

The condensed interim consolidated financial statements were approved by the Board of Directors of Cogeco Cable 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 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 UK.

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

					Three months ended February 28, 2015
	Canadian cable services	**American cable services**	**Enterprise data services**	**Inter-segment eliminations and other**	**Consolidated**
	$	**$**	**$**	**$**	**$**
Revenue(1)	**313,966**	**116,035**	**80,152**	**(683)**	**509,470**
Operating expenses	**154,931**	**66,116**	**51,771**	**5,388**	**278,206**
Integration, restructuring and acquisition costs	**—**	**—**	**1,339**	**—**	**1,339**
Depreciation and amortization	**59,721**	**24,859**	**32,183**	**92**	**116,855**
Segment profit (loss)	**99,314**	**25,060**	**(5,141)**	**(6,163)**	**113,070**
Financial expense					**35,524**
Income taxes					**18,640**
Profit for the period					**58,906**
Acquisition of property, plant and equipment	**49,088**	**19,862**	**29,858**	**2**	**98,810**
Acquisition of intangible and other assets	**2,816**	**743**	**304**	**—**	**3,863**

(1) Revenue by geographic market include $353,307 in Canada, $145,427 in the United States and $10,736 in Europe.

					Three months ended February 28, 2014
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue(1)	313,159	98,048	75,339	(538)	486,008
Operating expenses	155,372	55,767	50,174	2,914	264,227
Management fees – COGECO Inc.	—	—	—	165	165
Integration, restructuring and acquisition costs	—	458	(112)	—	346
Depreciation and amortization	57,714	24,278	31,141	—	113,133
Segment profit (loss)	100,073	17,545	(5,864)	(3,617)	108,137
Financial expense					32,918
Income taxes					14,838
Profit for the period					60,381
Acquisition of property, plant and equipment	32,531	17,504	26,158	—	76,193
Acquisition of intangible and other assets	3,049	418	1,146	—	4,613

(1) Revenue by geographic market include $349,938 in Canada, $126,566 in the United States and $9,504 in Europe.

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

					Six months ended February 28, 2015
	Canadian cable services	**American cable services**	**Enterprise data services**	**Inter-segment eliminations and other**	**Consolidated**
	$	**$**	**$**	**$**	**$**
Revenue[(1)]	**629,188**	**222,606**	**156,112**	**(1,435)**	**1,006,471**
Operating expenses	**310,322**	**125,850**	**101,734**	**8,564**	**546,470**
Management fees – COGECO Inc.	**—**	**—**	**—**	**9,877**	**9,877**
Integration, restructuring and acquisition costs	**—**	**—**	**1,339**	**—**	**1,339**
Depreciation and amortization	**119,284**	**47,694**	**64,242**	**228**	**231,448**
Segment profit (loss)	**199,582**	**49,062**	**(11,203)**	**(20,104)**	**217,337**
Financial expense					**71,252**
Income taxes					**30,470**
Profit for the period					**115,615**
Property, plant and equipment[(2)]	**1,090,404**	**370,172**	**426,815**	**1,246**	**1,888,637**
Intangible assets[(2)]	**989,933**	**848,362**	**153,825**	**—**	**1,992,120**
Goodwill[(2)]	**4,662**	**657,058**	**687,603**	**—**	**1,349,323**
Acquisition of property, plant and equipment	**98,132**	**41,599**	**58,493**	**2**	**198,226**
Acquisition of intangible and other assets	**5,469**	**1,328**	**533**	**—**	**7,330**

(1) Revenue by geographic market include $706,379 in Canada, $279,993 in the United States and $20,099 in Europe.
(2) At February 28, 2015.

					Six months ended February 28, 2014
	Canadian cable services	American cable services	Enterprise data services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue[(1)]	622,678	190,597	148,711	(998)	960,988
Operating expenses	310,545	105,786	95,655	6,190	518,176
Management fees – COGECO Inc.	—	—	—	9,674	9,674
Integration, restructuring and acquisition costs	—	516	78	—	594
Depreciation and amortization	117,583	47,432	63,872	—	228,887
Segment profit (loss)	194,550	36,863	(10,894)	(16,862)	203,657
Financial expense					65,467
Income taxes					28,111
Profit for the period					110,079
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	81,293	28,443	47,430	—	157,166
Acquisition of intangible and other assets	6,298	847	1,584	—	8,729

(1) Revenue by geographic market include $696,874 in Canada, $246,209 in the United States and $17,905 in Europe.
(2) At August 31, 2014.

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

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

				At February 28, 2015
	Canada	**United States**	**Europe**	**Total**
	$	**$**	**$**	**$**
Property, plant and equipment	**1,395,624**	**442,327**	**50,686**	**1,888,637**
Intangible assets	**1,068,910**	**912,611**	**10,599**	**1,992,120**
Goodwill	**333,710**	**960,544**	**55,069**	**1,349,323**

				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

4. OPERATING EXPENSES

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Salaries, employee benefits and outsourced services	**85,496**	82,006	**167,435**	157,256
Service delivery costs(1)	**149,083**	142,598	**290,196**	281,167
Customer related costs(2)	**15,574**	15,828	**35,106**	33,443
Other external purchases(3)	**28,053**	23,795	**53,733**	46,310
	278,206	264,227	**546,470**	518,176

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

5. DEPRECIATION AND AMORTIZATION

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Depreciation of property, plant and equipment	**100,951**	98,293	**200,261**	197,527
Amortization of intangible assets	**15,904**	14,840	**31,187**	31,360
	116,855	113,133	**231,448**	228,887

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

6. FINANCIAL EXPENSE

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Interest on long-term debt	**32,884**	32,027	**64,781**	63,765
Net foreign exchange losses (gains)	**331**	561	**1,162**	(67)
Amortization of deferred transaction costs	**575**	424	**1,138**	847
Capitalized borrowing costs[1]	**(85)**	(592)	**(141)**	(1,365)
Other	**1,819**	498	**4,312**	2,287
	35,524	32,918	**71,252**	65,467

(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%.

7. INCOME TAXES

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current	**22,666**	20,217	**39,910**	46,770
Deferred	**(4,026)**	(5,379)	**(9,440)**	(18,659)
	18,640	14,838	**30,470**	28,111

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	**77,546**	75,219	**146,085**	138,190
Combined income tax rate	**26.50%**	26.40%	**26.50%**	26.87%
Income tax at combined income tax rate	**20,553**	19,858	**38,706**	37,131
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	**1,593**	(1,421)	**1,563**	(1,273)
Tax impacts related to investments in foreign operations	**(4,394)**	(3,946)	**(8,774)**	(8,517)
Other	**(511)**	399	**(3,860)**	726
Income taxes at effective income tax rate	**18,640**	14,838	**30,470**	28,111

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

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	**58,906**	60,381	**115,615**	110,079
Weighted average number of multiple and subordinate voting shares outstanding	**48,841,828**	48,719,137	**48,831,605**	48,709,353
Effect of dilutive stock options[1]	**283,909**	143,139	**262,700**	155,436
Effect of dilutive incentive share units	**249,968**	285,112	**248,947**	260,474
Effect of dilutive performance share units	**53,447**	—	**35,343**	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	**49,429,152**	49,147,388	**49,378,595**	49,125,263
Earnings per share				
Basic	**1.21**	1.24	**2.37**	2.26
Diluted	**1.19**	1.23	**2.34**	2.24

(1) For the three and six-month periods ended February 28, 2015, 1,600 and 6,800 stock options were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

(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)					
Canadian Revolving Facility					
Revolving loan – US$70.5 million	January 2020	1.62	(2) (3)	**88,146**	76,654
Revolving loan – £54.8 million (£55.6 million at August 31, 2014)	January 2020	1.96	(2)	**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	(4)	**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
Subsidiaries					
First Lien Credit Facilities					
Term Loan A Facility – US$157 million (US$166 million at August 31, 2014)	November 2017	2.05	(2)(3)	**193,165**	177,150
Term Loan B Facility – US$369.4 million (US$377.65 million at August 31, 2014)	November 2019	3.25	(2)	**448,828**	398,211
Revolving Facility – US$29 million (US$50 million at August 31, 2014)	November 2017	2.05	(2)	**36,259**	54,365
Term Revolving Facility(1)					
UK Revolving Facility – £4.1 million (£3.1 million at August 31, 2014)	January 2020	1.95	(2)	**7,915**	5,596
Finance leases	March 2015	3.34	(5)	**241**	809
				2,946,563	2,718,514
Less current portion				**270,400**	32,323
				2,676,163	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.
(2) Interest rate on debt includes applicable margin.
(3) 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.
(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

	February 28, 2015	August 31, 2014
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
33,532,442 subordinate voting shares (33,394,631 at August 31, 2014)	**918,005**	911,067
	1,016,351	1,009,413
299,533 subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans (259,424 at August 31, 2014)	**(15,843)**	(12,269)
	1,000,508	997,144

During the first six 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	**137,811**	**5,551**
Compensation expense previously recorded in share-based payment reserve for options exercised	**—**	**1,387**
Balance at February 28, 2015	**33,532,442**	**918,005**

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	**259,424**	**12,269**
Subordinate voting shares acquired	**100,395**	**6,425**
Subordinate voting shares distributed to employees	**(60,286)**	**(2,851)**
Balance at February 28, 2015	**299,533**	**15,843**

C) DIVIDENDS

For the six-month period ended February 28, 2015, quarterly eligible dividends of $0.35 per share, for a total of $0.70 per share, were paid to the holders of multiple and subordinate voting shares, totaling $34.2 million, compared to quarterly eligible dividends of $0.30 per share, for a total of $0.60 per share or $29.2 million for the six-month period ended February 28, 2014.

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

During the three and six-month periods ended February 28, 2015, the Corporation charged COGECO Inc. amounts of $114,000 and $227,000 ($68,000 and $162,000 in 2014) with respect to the Corporation's options granted to COGECO Inc.'s senior executives. As a result, a compensation expense of $152,000 and $389,000 ($220,000 and $357,000 in 2014) was recorded for the three and six-month periods ended February 28, 2015.

The weighted average fair value of stock options granted 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 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 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 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 $1,158,000 and $2,178,000 ($909,000 and $1,850,000 in 2014) was recorded for the three and six-month periods ended February 28, 2015 related to this plan. During the three and six-month periods ended February 28, 2015, the Corporation charged COGECO Inc. amounts of $74,000 and $160,000 ($119,000 and $318,000 in 2014) 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 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 month period ending August 31. The PSUs vest over a three-year less one day period, based on the level of increase in the Enterprise Value of the Corporation or the relevant subsidiary or controlled entity for the preceding three-year period ending August 31, meaning that no vesting will occur if there is no increase in the Enterprise Value. The participants are entitled to receive dividend equivalents in the form of additional PSUs but only with respect to vested PSUs. PSUs are redeemable in case of death, normal retirement or termination of employment not for cause.

Under the PSU Plan, the following PSUs were issued by the Corporation and are outstanding at 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 period ended February 28, 2015, 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 $265,000 and $348,000 was recorded for the three and six-month periods ended February 28, 2015 related to this plan. During the three and six-month periods ended February 28, 2015, the Corporation charged COGECO Inc. amounts of $56,000 and $73,000 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 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 $392,000 and $563,000 ($211,000 and $280,000 in 2014) was recorded for the three and six-month periods ended February 28, 2015 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)	(391)	15,721	15,330
Balance at February 28, 2014	2,217	32,215	34,432
Balance at August 31, 2014	**1,296**	**27,029**	**28,325**
Other comprehensive income	**391**	**39,797**	**40,188**
Balance at February 28, 2015	**1,687**	**66,826**	**68,513**

(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 February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade and other receivables	**(4,515)**	(9,978)	**(9,751)**	(11,300)
Prepaid expenses and other	**(1,045)**	983	**(6,191)**	(3,842)
Trade and other payables	**2,203**	2,016	**(119,460)**	(82,161)
Provisions	**(320)**	1,470	**(388)**	3,706
Deferred and prepaid revenue and other liabilities	**(409)**	(572)	**1,763**	812
	(4,086)	(6,081)	**(134,027)**	(92,785)

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	**2,859**	3,520	**5,471**	5,665
Past service costs	**—**	555	**—**	555
Financial expense				
Other	**41**	83	**81**	150
	2,900	4,158	**5,552**	6,370

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 February 28, 2015, the Corporation 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 the Corporation 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).

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

Interest rate risk

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At February 28, 2015, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

The following table shows the interest rate swaps outstanding at 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 $3.8 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, 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 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.

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	**2,946,563**	**3,111,103**	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 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)	**3.1**	2.9
Adjusted EBITDA(3) / financial expense(3)	**6.6**	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 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, less cash and cash equivalents.

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%