PRESS RELEASE
For immediate release

Cogeco Cable Inc. posts solid third quarter results for fiscal 2014

- ***Third quarter revenue increased by $32.0 million, or 6,9%, to reach $496.4 million;***
- ***Adjusted EBITDA[(1)] increased by 6.6% to $229.4 million compared to the third quarter of fiscal 2013;***
- ***Quarterly dividend of $0.30 per share, an increase of 15.4%, compared to the same period last year.***

Montréal, July 9, 2014 – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the third quarter of fiscal 2014, ended May 31, 2014, in accordance with International Financial Reporting Standards ("IFRS").

For the third quarter and first nine months of fiscal 2014:

- Third quarter revenue increased by $32.0 million, or 6.9%, to reach $496.4 million driven by growth of 3.5% in the Canadian cable services segment, of 12.2% in the American cable services segment and of 15.3% in the Enterprise services segment. Revenue increased organically from all of our operating units combined with favorable foreign exchange rates in our foreign operations. For the nine-month period ended May 31, 2014, revenue reached close to $1.5 billion, an increase of $235.4 million, or 19.3% driven by growth of 2.4% in the Canadian cable services segment, of 65.7% in the American cable services segment and of 75.4% in the Enterprise services segment. Revenue increased mainly attributable to the full year impact of the acquisitions of Atlantic Broadband and Peer 1 Hosting[(2)] ("the recent acquisitions") which both occurred during fiscal 2013 combined with the organic growth from all of our operating segments and favorable foreign exchange rates in our foreign operations;

- Adjusted EBITDA[(1)] increased by 6.6% to $229.4 million compared to the third quarter of fiscal 2013, and by 18.7% to $662.5 million for the first nine months compared to the same period of the prior year. The rapid progression for both periods resulted mainly from the recent acquisitions, 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 46.2% in the quarter and to 45.5% in the first nine months compared to 46.3% and 45.7% for the same periods of the prior year as a result of lower margins from the business activities of the American cable services and Enterprise services segments;

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

  Subsequently, in order to enhance its competitiveness, Cogeco Cable Canada has concluded a partnership with TiVo Inc. ("TiVo"), a global leader in next-generation television services that enable viewers to consume content across all screens in and out-of-the home to be launched at Cogeco Cable Canada by mid-fiscal 2015. The TiVo solution was successfully launched in the first half of fiscal 2014 at the Corporation's Atlantic Broadband subsidiary with great customer acceptance;

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(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.

(2) Peer 1 Hosting refers to Peer 1 Network (USA) Holdings Inc., Peer 1 (UK) Ltd. and Peer 1 Network Enterprises, Inc.

- Profit for the third quarter amounted to $35.5 million compared to $48.1 million in fiscal 2013. The decline for the quarter is attributable to the impairment of property, plant and equipment explained above, partly offset by the improvement of the adjusted EBITDA. For the first nine months of fiscal 2014, profit for the period amounted to $145.6 million compared to $141.0 million for the comparable period of the prior year. Profit progression for the period is mostly attributable to the improvement of the adjusted EBITDA explained above combined with the decrease in integration, restructuring and acquisition costs, partly offset by the impairment of property, plant and equipment also explained above as well as the increases in financial expense and depreciation and amortization expense essentially related to the recent acquisitions;

- Third quarter free cash flow[(1)] increased by $48.1 million to reach $91.1 million compared to $43.0 million in the third quarter of fiscal 2013. This increase is mainly due to the improvement of adjusted EBITDA and the decrease in acquisitions of property, plant and equipment due to the timing of certain initiatives. For the first nine months, free cash flow increased by $156.6 million to reach $252.5 million compared to $95.9 million for the same period of fiscal 2013. This variance is mostly attributable to the improvement of adjusted EBITDA, the decrease in acquisitions of property, plant and equipment due to the timing of certain initiatives as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense due to higher indebtedness level from the recent acquisitions;

- Fiscal 2014 third-quarter cash flow from operating activities reached $184.4 million compared to $167.0 million, an increase of $17.5 million, or 10.5%, compared to fiscal 2013 third-quarter. The increase is mainly attributable to the improvement of the adjusted EBITDA and the increase in changes in non-cash operating activities, partly offset by the increase in financial expense paid. For the first nine months of fiscal 2014, cash flow from operating activities reached $429.2 million compared to $316.8 million, an increase of $112.4 million, or 35.5%, compared to the same period in fiscal 2013. The increase is mostly attributable to the improvement of the adjusted EBITDA as well as the decreases in integration, restructuring and acquisitions costs and in income tax paid, partly offset by the increase in financial expense paid; and

- A quarterly dividend of $0.30 per share was paid to the holders of subordinate and multiple voting shares, an increase of $0.04 per share, or 15.4%, compared to a dividend of $0.26 per share paid in the third quarter of fiscal 2013. Dividend payments in the first nine months totaled $0.90 per share in fiscal 2014 compared to $0.78 per share in the comparable period of fiscal 2013.

“We continue to be pleased with our solid quarterly results. The improvement of our adjusted EBITDA, in these highly competitive industries, stemmed from generating more revenue from current and new customers while maintaining appropriate cost controls. This enabled us to keep growing and achieving the Corporation’s financial objectives,” declared Louis Audet, President and Chief Executive Officer of Cogeco Cable Inc.

“Moreover, I am delighted that we were able to build on the success achieved by the TiVo video platform at our Atlantic Broadband subsidiary by extending our partnership to bring this world leading platform to our Canadian customers at our Cogeco Cable Canada subsidiary. We expect to launch by mid-fiscal 2015. Excluding the impact of the impairment related to the prior attempt at developing an alternate IPTV video platform, we expect to meet our Fiscal 2014 guidance” 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 Quebec 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 Inc. 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 Montreal 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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(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.

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Analyst Conference Call: **Thursday, July 10, 2014 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: **1 800-820-0231**
International Access Number: **+ 1 416-640-5926**
Confirmation Code: **2083261**
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until July 16, 2014, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **2083261**



SHAREHOLDERS' REPORT

Three and nine-month periods ended May 31, 2014

FINANCIAL HIGHLIGHTS

(in thousands of dollars, except percentages and per share data)	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013 [2]	Change	**May 31, 2014**	May 31, 2013 [2]	Change
	$	$	%	**$**	$	%
Operations						
Revenue	**496,448**	464,497	6.9	**1,457,436**	1,222,080	19.3
Adjusted EBITDA[1]	**229,389**	215,182	6.6	**662,527**	558,184	18.7
Operating margin[1]	**46.2%**	46.3%	—	**45.5%**	45.7%	—
Impairment of property, plant and equipment	**32,197**	—	—	**32,197**	—	—
Profit for the period	**35,514**	48,079	(26.1)	**145,593**	141,025	3.2
Profit for the period attributable to owners of the Corporation	**35,514**	47,877	(25.8)	**145,593**	141,025	3.2
Cash Flow						
Cash flow from operating activities	**184,435**	166,976	10.5	**429,173**	316,780	35.5
Cash flow from operations[1]	**175,595**	155,868	12.7	**502,872**	396,000	27.0
Acquisitions of property, plant and equipment, intangible and other assets	**84,452**	112,841	(25.2)	**250,347**	300,107	(16.6)
Free cash flow[1]	**91,143**	43,027	—	**252,525**	95,893	—
Financial Condition[3]						
Property, plant and equipment	**—**	—	—	**1,773,325**	1,854,155	(4.4)
Total assets	**—**	—	—	**5,206,189**	5,254,419	(0.9)
Indebtedness[4]	**—**	—	—	**2,858,303**	2,944,182	(2.9)
Shareholders' equity	**—**	—	—	**1,456,730**	1,342,940	8.5
Capital intensity[1]	**17.0%**	24.3%	—	**17.2%**	24.6%	—
Per Share Data[5]						
Earnings per share						
Basic	**0.73**	0.98	(25.5)	**2.99**	2.90	3.1
Diluted	**0.72**	0.98	(26.5)	**2.96**	2.88	2.8

(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's discussion and analysis ("MD&A").

(2) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

(3) At May 31, 2014 and August 31, 2013.

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

(5) Per multiple and subordinate voting share.



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Three and nine-month periods ended May 31, 2014

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 2013 annual MD&A as well as in the present MD&A) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include namely risks pertaining to markets and competition, technology, regulatory developments, operating costs, information systems, disasters or other contingencies, financial risks related to capital requirements, human resources, controlling shareholder and holding structure, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Corporation is under no obligation and does not undertake to update or alter this information at any particular time, except as may required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three and nine-month periods ended May 31, 2014, prepared in accordance with the International Financial Reporting Standards ("IFRS") and the MD&A included in the Corporation's 2013 Annual Report.

CORPORATE OBJECTIVES AND STRATEGIES

Cogeco Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to provide outstanding service to its customers, improve profitability and create shareholder value. To achieve these objectives, the Corporation has developed strategies that focus on expanding its service offering 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 nine-month period ended May 31, 2014, adjusted EBITDA increased by 18.7% to reach $662.5 million compared to the same period of fiscal 2013 and operating margin slightly decreased to 45.5% from 45.7%. Improvement in the adjusted EBITDA is mainly attributable to the full impact of the acquisitions of Atlantic Broadband and Peer 1 Hosting[(2)] (the "recent acquisitions") which occurred at the end of the first quarter and in the second quarter of fiscal 2013, respectively, combined with the favorable foreign exchange rates benefiting our foreign operations as well as the organic growth in the Canadian cable services segment.

FREE CASH FLOW

For the nine-month period ended May 31, 2014, Cogeco Cable reported free cash flow of $252.5 million, an increase of $156.6 million compared to $95.9 million for the same period of the previous fiscal year. This variance is mostly attributable to the improvement of adjusted EBITDA explained above, the decrease in acquisitions of property, plant and equipment due to the timing of certain initiatives as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense due to higher indebtedness level from the recent acquisitions.

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

During the nine-month period ended May 31, 2014, the acquisitions of property, plant and equipment, intangible and other assets amounted to $250.3 million and revenue close to $1.5 billion for a capital intensity ratio of 17.2% compared to 24.6% in the comparable period of the prior year. Capital intensity ratio has declined mainly as result of higher revenue for the first nine months of fiscal 2014 as a result of the full impact of the recent acquisitions combined with lower acquisitions of property, plant and equipment, intangible and other assets due to the timing of certain initiatives compared to the same period of the prior year. For further details on the Corporation's capital expenditures please refer to the "Cash flow analysis" section.

BUSINESS DEVELOPMENTS AND OTHER

During the third quarter of fiscal 2014, the Corporation's subsidiary, Cogeco Cable Canada, recognized an impairment of $32.2 million of property, plant and equipment, capitalized wages and borrowing costs related to an Internet Protocol Television ("IPTV") solution project on which its Canadian cable services segment had worked. As a result of the unexpected performance issues encountered with the platform, it had to be abandoned by Cogeco Cable Canada. Subsequently, in order to enhance its competitiveness, Cogeco Cable Canada has concluded a partnership with TiVo Inc. ("TiVo"), a global leader in next-generation television services that enable viewers to consume content across all screens in and out-of-the home to be launched at Cogeco Cable Canada by mid-fiscal 2015. The TiVo solution was successfully launched in the first half of fiscal 2014 at the Corporation's Atlantic Broadband subsidiary with great customer acceptance.

On June 30, 2014, Cogeco Cable's subsidiary, Atlantic Broadband, amended its First Lien Credit Facilities. Pursuant to the amendment, US$15 million of the Term Loan A Facility was converted into the Revolving Facility. In addition, the Revolving Facility was increased by US$35 million of which the proceeds were used to reimburse a portion of the Term Loan B. Giving effect to this amendment, the combined amounts borrowed under the Term Loan A, Term Loan B and the Revolving Facility have not changed. All other terms and conditions related to covenants, interest rates and maturity remained the same. In connection with the amendment, transaction costs of US$0.4 million were incurred which are expected to be more than off-set by interest expense savings over the next year.

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

(2) Peer 1 Hosting refers to Peer 1 Network (USA) Holdings Inc., Peer 1 (UK) Ltd. and Peer 1 Network Enterprises, Inc.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013 (1)	Change	**May 31, 2014**	May 31, 2013 (1)	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**496,448**	464,497	6.9	**1,457,436**	1,222,080	19.3
Operating expenses	**267,059**	249,315	7.1	**785,235**	654,327	20.0
Management fees – COGECO Inc.	**—**	—	—	**9,674**	9,569	1.1
Adjusted EBITDA	**229,389**	215,182	6.6	**662,527**	558,184	18.7
Operating margin	**46.2%**	46.3%		**45.5%**	45.7%	

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

REVENUE

Fiscal 2014 third-quarter revenue increased by $32.0 million, or 6.9%, to reach $496.4 million driven by growth of 3.5% in the Canadian cable services segment, of 12.2% in the American cable services segment and of 15.3% in the Enterprise services segment. Revenue increased organically from all of our operating units combined with favorable foreign exchange rates for our foreign operations. For the nine-month period ended May 31, 2014, revenue reached approximately $1.5 billion, an increase of $235.4 million, or 19.3% driven by growth of 2.4% in the Canadian cable services segment, of 65.7% in the American cable services segment and of 75.4% in the Enterprise services segment. Revenue increased mainly attributable to the full year impact of the recent acquisitions which both occurred during fiscal 2013 combined with the organic growth from all of our operating segments and favorable foreign exchange rates in our foreign operations. For further details on the Corporation's revenue, please refer to the "Segmented operating results" section.

OPERATING EXPENSES AND MANAGEMENT FEES

For the third quarter of fiscal 2014, operating expenses increased by $17.7 million, to reach $267.1 million, an increase of 7.1% compared to the prior year. For the first nine months of the fiscal year, operating expenses amounted to $785.2 million, an increase of $130.9 million, or 20.0%, compared to the same period of fiscal 2013. Operating expenses increased was due to the full year impact of the recent acquisitions and 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 third quarter of fiscal 2014 and 2013, there was no management fees paid to COGECO Inc. For the first nine months of the fiscal year 2014, management fees paid to COGECO Inc. amounted to $9.7 million, 1.1% higher compared to $9.6 million in the comparable period of fiscal 2013. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA AND OPERATING MARGIN

For the three and nine-month periods ended May 31, 2014, adjusted EBITDA increased by $14.2 million, or 6.6%, to reach $229.4 million, and by $104.3 million, or 18.7%, to reach $662.5 million, respectively, compared to the comparable periods of the prior year. The increase for the quarter is mainly attributable to the improvement from all our operating segments as well as the favorable foreign exchange rates for our foreign operations compared to the same periods of last year while the increase for the first nine months is largely attributable to the full year impact of the recent acquisitions. Cogeco Cable's third-quarter operating margin slightly decreased to 46.2% from 46.3% and to 45.5% from 45.7% for the first nine months of fiscal 2014 compared to the comparable periods of the prior year essentially due to lower margin business activities from the American cable services and Enterprise services segments. For further details on the Corporation's adjusted EBITDA and operating margin, please refer to the "Segmented operating results" section.

FIXED CHARGES

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013 (1)	Change	**May 31, 2014**	May 31, 2013 (1)	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Depreciation and amortization	**117,653**	111,445	5.6	**346,540**	268,611	29.0
Financial expense	**32,038**	35,146	(8.8)	**97,505**	80,068	21.8

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

For the three and nine-month periods ended May 31, 2014, depreciation and amortization expense amounted to $117.7 million and $346.5 million, respectively, compared to $111.4 million and $268.6 million for the same periods of the prior year. The increase for the quarter is mostly attributable to the appreciation of the US dollar and the British Pound currency compared to the Canadian dollar. The increase for the first nine months of fiscal 2014 results mainly from the full year impact of the recent acquisitions, which occurred at the end of the first quarter and in the second quarter of fiscal 2013 and by currency appreciation of the US dollar and the British Pound compared to the Canadian dollar.

Fiscal 2014 third-quarter financial expense decreased by 8.8% to $32.0 million compared to $35.1 million in fiscal 2013 third-quarter as a result of a lower indebtedness level. For the first nine months of fiscal 2014, financial expense increased by $17.4 million, or 21.8%, at $97.5 million, compared to $80.1 million in the prior year as a result of the full year impact of financing costs related to the recent acquisitions.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

During the third quarter of fiscal 2014, the Corporation's subsidiary, Cogeco Cable Canada, recognized an impairment of $32.2 million of property, plant and equipment, capitalized wages and borrowing costs related to an IPTV solution project on which its Canadian Cable services segment had worked. As a result of the unexpected performance issues encountered with the platform, it had to be abandoned by Cogeco Cable Canada.

INCOME TAXES

For the three and nine-month periods ended May 31, 2014, income tax expense amounted to $8.8 million and $36.9 million, respectively, compared to $18.4 million and $51.6 million, respectively, for the comparable periods in the prior year. The decrease is mostly attributable to the impairment of property, plant and equipment, the increase in fixed charges as well as the favorable impact of the tax structure following the recent acquisitions, partly offset by the improvement in adjusted EBITDA.

PROFIT FOR THE PERIOD

For the third quarter of fiscal 2014, profit for the period amounted to $35.5 million, or $0.73 per share, compared to $48.1 million, or $0.98 per share last year. The decline for the quarter is attributable to the impairment of property, plant and equipment explained above, partly offset by the improvement of the adjusted EBITDA. For the nine-month period ended May 31, 2014, profit for the period amounted to $145.6 million, or $2.99 per share, compared to $141.0 million, or $2.90 for the comparable period. Profit progression for the period is mostly attributable to the improvement of the adjusted EBITDA explained above as well as the decrease in integration, restructuring and acquisition costs, partly offset by the impairment of property, plant and equipment and the increase in fixed charges explained above.

CUSTOMER STATISTICS

				Consolidated			
				Net additions (losses)		Net additions (losses)	
	Consolidated	UNITED STATES	CANADA	Quarters ended		Nine months ended	
		May 31, 2014		May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
PSU [1]	**2,452,118**	**495,674**	**1,956,444**	**(2,509)**	(1,079)	**(15,539)**	20,783
Television service customers	**1,034,991**	**227,160**	**807,831**	**(9,620)**	(8,407)	**(31,961)**	(21,143)
HSI service customers	**865,597**	**188,795**	**676,802**	**7,811**	4,603	**27,152**	27,340
Telephony service customers	**551,530**	**79,719**	**471,811**	**(700)**	2,725	**(10,730)**	14,586

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

At May 31, 2014, PSU reached 2,452,118 of which 1,956,444 came from the Canadian cable services segment and 495,674 came from the American cable services segment. For the three and nine-month periods ended May 31, 2014, PSU net losses stood at 2,509 and 15,539, respectively, compared to 1,079 and net additions of 20,783 for the comparable periods of fiscal 2013. Fiscal 2014 third-quarter and first nine months net losses for Television service customers stood at 9,620 and 31,961 compared to 8,407 and 21,143, HSI service customers grew by 7,811 and 27,152 compared to 4,603 and 27,340 and the Telephony service customers net losses stood at 700 and 10,730 compared to net additions of 2,725 and 14,586 for the comparable periods of fiscal 2013. HSI net additions continued to stem from the enhancement of the product offering and the positive impact of the bundle offer.

In the Canadian cable services segment, PSU decreased by 5,633 for the third-quarter of fiscal 2014, compared to a decrease of 1,013 for the comparable period last year. For the first nine months of fiscal 2014, PSU decreased by 23,678, compared to an increase of 17,089 for the comparable period in 2013. The decrease is explained by service category maturity and a much more competitive environment for all services.

In the American cable services segment, PSU increased by 3,124 for the third-quarter of fiscal 2014, compared to a decrease of 66 for the same period of prior year. For the first nine months of fiscal 2014, PSU increased by 8,139, compared to an increase of 3,694 for the comparable period in 2013. The increase is explained by additional HSI and Telephony services, offset by losses in the Television service.

RELATED PARTY TRANSACTIONS

Cogeco Cable Inc. is a subsidiary of COGECO Inc., which holds 32.0% of the Corporation's equity shares, representing 82.5% 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, Corporate Affairs, Chief Legal Officer and Secretary, the Vice President, Regulatory Affairs and Copyright, the Vice President, Corporate Development, the Vice President and Treasurer, the Vice President, Public Affairs and Communications and the Vice President, Internal Audit and Risk Management. No direct remuneration is payable to such senior executives by the Corporation. However, the Corporation granted 84,250 stock options (71,233 in 2013) to these senior executives as senior executives of Cogeco Cable during the first nine months of fiscal year 2014. During the third quarter and first nine months of fiscal 2014, the Corporation charged COGECO Inc. amounts of $124,000 and $286,000 ($99,000 and $275,000 in 2013) with regards to the Corporation's stock options granted to these senior executives.

During the first nine months of fiscal 2014 the Corporation also granted 12,550 (12,280 in 2013) Incentive Share Units ("ISUs") to these senior executives as senior executives of Cogeco Cable. During the third quarter and first nine months of fiscal 2014, the Corporation charged COGECO Inc. amounts of $122,000 and $440,000 ($117,000 and $336,000 in 2013) with regards to the Corporation's ISUs 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 2014, management fees have been set at a maximum of $9.7 million ($9.6 million in 2013), which were paid within the first half of the fiscal year. For fiscal year 2013, management fees were also 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 2013 Annual Report.

There were no other material related party transactions during the periods covered.

CASH FLOW ANALYSIS

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013 (2)	**May 31, 2014**	May 31, 2013 (2)
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations(1)	**175,595**	155,868	**502,872**	396,000
Changes in non-cash operating activities	**15,397**	(2,526)	**(77,388)**	(78,708)
Amortization of deferred transaction costs and discounts on long-term debt	**(1,898)**	(3,580)	**(5,628)**	(7,043)
Income taxes paid	**(15,995)**	(16,894)	**(53,538)**	(76,902)
Current income tax expense	**22,162**	25,789	**68,932**	73,907
Financial expense paid	**(42,864)**	(26,827)	**(103,582)**	(70,542)
Financial expense	**32,038**	35,146	**97,505**	80,068
Cash flow from operating activities	**184,435**	166,976	**429,173**	316,780
Cash flow from investing activities	**(84,427)**	(135,161)	**(249,742)**	(2,305,469)
Cash flow from financing activities	**(123,719)**	(31,688)	**(189,870)**	1,809,398
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**(535)**	1,089	**1,390**	1,794
Net change in cash and cash equivalents	**(24,246)**	1,216	**(9,049)**	(177,497)
Cash and cash equivalents, beginning of the period	**54,772**	36,678	**39,575**	215,391
Cash and cash equivalents, end of the period	**30,526**	37,894	**30,526**	37,894

(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.

(2) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

OPERATING ACTIVITIES

Fiscal 2014 third-quarter cash flow from operating activities reached $184.4 million compared to $167.0 million, an increase of $17.5 million, or 10.5%, compared to fiscal 2013 third-quarter. The increase is mainly explained by the improvement of adjusted EBITDA of $14.2 million and by the increase of $17.9 million in non-cash operating activities as a result of an increase in trade and other payables compared to a decrease in the comparable period, partly offset by a lower decrease in trade and other receivables compared to the prior year and an increase of financial expense paid of $16.0 million. For the first nine months of fiscal 2014, cash flow from operating activities reached $429.2 million compared to $316.8 million, an increase of $112.4 million, or 35.5%, compared to the same period in fiscal 2013. The increase is mainly explained by the improvement of

adjusted EBITDA of $104.3 million combined with a decrease of $23.4 million in income taxes paid and a decrease of $13.1 million in integration, restructuring and acquisition costs, partly offset by an increase of financial expense paid of $33.0 million.

For the three and nine-month periods ended May 31, 2014, cash flow from operations amounted to $175.6 million and $502.9 million, respectively, compared to $155.9 million and $396.0 million for the comparable periods in fiscal 2013, representing increases of $19.7 million, or 12.7%, and $106.9 million, or 27.0%, respectively. For both periods, the increases are mainly explained by the improvement of adjusted EBITDA of $14.2 million and $104.3 million, respectively.

INVESTING ACTIVITIES

For the three and nine-month periods ended May 31, 2014, investing activities amounted to $84.4 million and $249.7 million, respectively, mainly due to the acquisitions of property, plant and equipment, intangible and other assets. For the comparable periods of fiscal 2013, investing activities amounted to $135.2 million and $2.3 billion explained below.

BUSINESS COMBINATIONS IN FISCAL 2013

On January 31, 2013 and on April 3, 2013, the Corporation acquired 100% of the issued and outstanding shares of Peer 1 Hosting one of the world's leading internet infrastructure providers, specializing in managed hosting, dedicated servers, cloud services and colocation. During the second quarter of fiscal 2014, the Corporation finalized the purchase price allocation of Peer 1 Hosting which had no impact on the statement of profit or loss and comprehensive income for the three and nine-month periods ended May 31, 2013. The impact of the finalization on the statement of financial position at August 31, 2013, increased income tax receivable by $0.7 million, increased deferred tax assets by $4.4 million, decreased intangibles assets by $0.9 million, decreased goodwill by $2.8 million, increased deferred tax liabilities by $2.5 million and decreased accumulated other comprehensive income by $1.2 million.

On November 30, 2012, the Corporation completed the acquisition of all the outstanding shares of Atlantic Broadband, an independent cable system operator formed in 2003, providing Analogue and Digital Television, as well as HSI and Telephony services to residential and small and medium business customers. During the first quarter of fiscal 2014 the Corporation finalized the purchase price allocation of Atlantic Broadband which remained unchanged since the last adjustments made in the fourth quarter of fiscal 2013.

The final purchase price allocations of Atlantic Broadband and Peer 1 Hosting are as follows:

	Peer 1 Hosting Final $	Atlantic Broadband Final $	TOTAL Final $
Consideration			
Paid			
Purchase of shares	**494,796**	**337,779**	**832,575**
Working capital adjustments	**—**	**5,415**	**5,415**
Repayment of secured debts and settlement of options outstanding	**170,872**	**1,021,854**	**1,192,726**
	665,668	**1,365,048**	**2,030,716**
Net assets acquired			
Cash and cash equivalents	**10,840**	**5,480**	**16,320**
Restricted cash	**8,729**	**—**	**8,729**
Trade and other receivables	**12,772**	**12,012**	**24,784**
Prepaid expenses and other	**3,855**	**1,370**	**5,225**
Income tax receivable	**2,797**	**3,907**	**6,704**
Other assets	**2,462**	**—**	**2,462**
Property, plant and equipment	**150,013**	**302,211**	**452,224**
Intangible assets	**144,231**	**711,418**	**855,649**
Goodwill	**410,454**	**522,215**	**932,669**
Deferred tax assets	**8,872**	**98,592**	**107,464**
Trade and other payables assumed	**(26,512)**	**(27,620)**	**(54,132)**
Provisions	**—**	**(721)**	**(721)**
Deferred and prepaid revenue and other liabilities assumed	**(3,388)**	**(7,697)**	**(11,085)**
Long-term debt assumed	**(1,735)**	**—**	**(1,735)**
Deferred tax liabilities	**(57,722)**	**(256,119)**	**(313,841)**
	665,668	**1,365,048**	**2,030,716**

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:

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013	**May 31, 2014**	May 31, 2013
(in thousands of dollars)	**$**	$	**$**	$
Customer premise equipment[1]	**25,327**	18,000	**68,872**	55,874
Scalable infrastructure[2]	**17,867**	21,512	**53,341**	78,428
Line extensions	**5,677**	5,961	**17,095**	14,081
Upgrade / Rebuild	**6,658**	10,924	**17,225**	26,574
Support capital	**6,979**	4,552	**15,711**	14,935
Acquisition of property, plant and equipment - Cable services[3]	**62,508**	60,949	**172,244**	189,892
Acquisition of property, plant and equipment - Enterprise services[4]	**17,001**	47,376	**64,431**	96,565
Acquisitions of property, plant and equipment	**79,509**	108,325	**236,675**	286,457
Acquisition of intangible and other assets - Cable services[3]	**3,368**	3,933	**10,513**	12,048
Acquisition of intangible and other assets - Enterprise services[4]	**1,575**	583	**3,159**	1,602
Acquisitions of intangible and other assets	**4,943**	4,516	**13,672**	13,650
	84,452	112,841	**250,347**	300,107

(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.
(3) Fiscal 2013 nine-months period include only six months of operating results of American cable services.
(4) Fiscal 2013 nine-month period includes only four month of operating results of Peer 1 Hosting.

For the three and nine-month periods ended May 31, 2014, acquisition of property, plant and equipment in the Cable services amounted to $62.5 million and $172.2 million compared to $60.9 million and $189.9 million for the comparable periods of fiscal 2013, respectively.

In the Canadian cable services, fiscal 2014 third-quarter acquisition of property, plant and equipment amounted to $39.6 million, a decrease of 16.9% when compared to $47.6 million in the third quarter of the prior year. For the nine-month period ended May 31, 2014, acquisition of property, plant and equipment amounted to $120.9 million, a decrease of 26.0% when compared to the prior year.

For the third quarter of fiscal 2014, acquisition of property, plant and equipment in the American cable services segment amounted to $22.9 million compared to $13.3 million for the same period of fiscal 2013. For the nine-month period ended May 31, 2014, acquisition of property, plant and equipment amounted to $51.4 million compared to $26.5 million in the prior year as a result of nine months of operating results compared to six months in fiscal 2013.

The decreases in the Canadian and American cable services segments are mainly attributable to the following factors:

- A decrease in the quarter and for the nine-month period ended May 31, 2014 in scalable infrastructure and network upgrades and rebuild due to the deployment in fiscal 2012 and early fiscal 2013 of advanced technologies such as DOCSIS 3.0 and Switched Digital Video in existing areas served; and
- An increase in customer premise equipment for the three and nine-month periods ended May 31, 2014 mainly due to the launch of TiVo's digital entertainment services in the American cable services segment.

Fiscal 2014 third-quarter and first nine months acquisition of property, plant and equipment in the Enterprise services segment amounted to $17.0 million and $64.4 million compared to $47.4 million and $96.6 million for the same periods of fiscal 2013, respectively. The decrease for both periods is mainly due to the construction of a new data centre facility in Barrie (north of Toronto), Canada, in fiscal 2013 and the timing of initiatives.

Acquisition of intangible and other assets are mainly attributable to reconnect and additional service activation costs as well as other customer acquisition costs. For the third quarter and the first nine months of fiscal 2014, the acquisition of intangible and other assets amounted to $4.9 million and $13.7 million compared to $4.5 million and $13.7 million for the same periods last year, respectively.

FREE CASH FLOW AND FINANCING ACTIVITIES

For the third quarter of fiscal 2014, free cash flow amounted to $91.1 million, an increase of $48.1 million compared to fiscal 2013. This increase is mainly due to the improvement of adjusted EBITDA and the decrease in acquisitions of property, plant and equipment due to the timing of certain initiatives. For the nine-month period, free cash flow amounted to $252.5 million, $156.6 million higher than the same period of last year. This variance is mostly attributable to the improvement of adjusted EBITDA, the decrease in acquisitions of property, plant and equipment due to the timing of certain initiatives as well as the decrease in integration, restructuring and acquisition costs, partly offset by the increase in financial expense due to higher indebtedness level from the recent acquisitions.

In the third quarter of fiscal 2014, a cash decrease of $109.6 million was mainly due to a lower Indebtedness from the repayments under the revolving facilities of $112.6 million. In the third quarter of fiscal 2013, a cash decrease of $17.2 million was mainly due to a higher level of Indebtedness from the issuance of $300 million Senior Secured Debentures Series "4" (the "Debentures") for a net proceed of $297.1 million, net of transaction costs of $2.9 million and the issuance of $410.4 million (US$400 million) Senior Unsecured Notes (the "2020 Notes") for a net proceed of $402.6 million (US$392.4 million), net of transaction costs of $7.8 million (US$7.6 million). In addition, Cogeco Cable used the net

proceeds under the Debentures and the 2020 Notes to repay the Canadian Term Facility amounting to $175 million, the US Term Facility amounting to $230.8 million (US$225 million), the $114.7 million Revolving loan in connection with the acquisition of Peer 1 Hosting and the $192.4 million Term Revolving Facility.

For the nine-month period of fiscal 2014, a cash decrease of $142.8 million was mainly due to a lower level of Indebtedness from the repayments under the revolving facilities of $128.2 million and of long-term debt amounting to $10.9 million. For the nine-month period of fiscal 2013, a cash increase of $1.9 billion was mainly due to a higher level of Indebtedness provided from the issuance of the 2020 Notes and the Debentures, described above, as well as draw-down on the existing Term Revolving Facility of $411.9 million (US$420 million) including the repayments made during the quarter explained above and the new First Lien Credit Facilities of $637.4 million (US$660 million for a net proceed of US$641.5 million, net of transaction costs of US$18.5 million) to finance the acquisition of Atlantic Broadband as well the draw-down of $125.1 million, under Secured Credit Facilities to finance the acquisition of Peer 1 Hosting, net of the repayments made during the third quarter explained above.

During the third quarter of fiscal 2014, a quarterly dividend of $0.30 per share was paid to the holders of subordinate and multiple voting shares, totaling $14.6 million, compared to a dividend paid of $0.26 per share, or $12.6 million in the third quarter of fiscal 2013. Dividend payments in the first nine months totaled $0.90 per share, or $43.9 million, compared to $0.78 per share, or $37.9 million the year before.

As at May 31, 2014, the Corporation had a working capital deficiency of $160.3 million compared to $223.5 million at August 31, 2013. The $63.2 million deficiency reduction is mainly due to a decrease of $85.5 million in trade and other payables, partly offset by an increase of income tax liabilities of $20.2 million as a result of generated free cash flow. As part of the usual conduct of its business, Cogeco Cable maintains a working capital deficiency due to a low level of accounts receivable since a large proportion of the Corporation's customers pay before their services are rendered, unlike trade and other payables, which are usually paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At May 31, 2014, the Corporation had used $476.2 million of its $800 million amended and restated Term Revolving Facility for a remaining availability of $323.8 million. In addition, two subsidiaries of the Corporation also benefit from a Revolving Facility of $108.4 million (US$100 million) related to its acquisition of Atlantic Broadband, of which $1.1 million (US$1.0 million) was used at May 31, 2014 for a remaining availability of $107.3 million (US$99 million).

FINANCIAL POSITION

Since August 31, 2013, the following balances have changed significantly: "property, plant and equipment", "goodwill", "trade and other payables", "income tax liabilities", "long-term debt" and "deferred tax liabilities".

Property, plant and equipment decreased by $80.8 million due to the impairment of property, plant and equipment of $32.2 million as well as depreciation expense exceeding the acquisitions discussed in the "Cash flow analysis" section, taking into account the impact of the US dollar and British Pound currency appreciation against the Canadian dollar. Goodwill increased by $29.3 million as a result of the US dollar and the British Pound currency appreciation against the Canadian dollar during the first nine months of fiscal 2014. The decrease of $85.5 million in trade and other payables is related to the timing of payments made to suppliers. The income tax liabilities increase of $20.2 million is due to the excess of current income tax expense over income tax paid. The decrease of $28.3 million in deferred tax liabilities results from the impairment of property, plant and equipment and the increase in current income taxes. The decrease of $82.0 million in long-term debt is due to the factors previously discussed in the "Cash flow analysis" section, partly offset by the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

OUTSTANDING SHARE DATA

A description of Cogeco Cable's share data at June 30, 2014 is presented in the table below. Additional details are provided in note 12 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	33,367,186	909,678
Options to purchase subordinate voting shares		
Outstanding options	797,356	
Exercisable options	297,899	

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 discussed in the 2013 Annual Report, have not materially changed since August 31, 2013, except as mentioned below.

On November 22, 2013, the Corporation amended and restated its Term Revolving Facility of $800 million with a syndicate of lenders. The maturity was extended until January 22, 2019 and can be further extended annually. The amendments reduced the margin for the calculation of the interest rate and reduced restrictions on some covenants. The amended and restated Term Revolving Facility also replaced Cogeco Cable's Secured Credit Facilities coming to maturity on January 27, 2017 which was fully repaid on November 22, 2013. This amended and restated Term Revolving Facility is comprised of two tranches: a first tranche, a Canadian tranche, amounting to $788 million and the second tranche, a UK tranche, amounting to $12 million. Both Cogeco Cable and Peer 1 (UK) Ltd. can borrow under the UK tranche. The Canadian tranche is available in Canadian dollars, US dollars, Euros and British Pounds and interest rates are based on banker's acceptance, US dollar base rate loans, LIBOR loans in US dollars, Euros or British Pounds, plus the applicable margin. The UK tranche is available in British Pounds and interest rates are based on British Pounds base rate loans and British Pounds LIBOR loans. The Term Revolving Facility is indirectly secured by first priority fixed and floating charges and a security interest on substantially all present and future real and personal properties and undertaking of every nature and kind of the Corporation and certain of its subsidiaries, and provides for certain permitted encumbrances, including purchased money obligations, existing funded obligations and charges granted by any subsidiary prior to the date when it becomes a subsidiary, subject to a maximum amount. The provisions under this facility provide for restrictions on the operations and activities of the Corporation. Generally, the most significant restrictions relate to permitted investments and dividends on multiple and subordinate voting shares, as well as incurrence and maintenance of certain financial ratios primarily linked to operating income before amortization, financial expense and total indebtedness.

FINANCIAL MANAGEMENT

The Corporation has entered into cross-currency swap agreements to set the liability for interest and principal payments on its US$190 million Senior Secured Notes Series A maturing on October 1, 2015. These agreements have the effect of converting the U.S. interest coupon rate of 7.00% per annum to an average Canadian dollar interest rate of 7.24% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at $1.0625 per US dollar. The Corporation elected to apply cash flow hedge accounting on these derivative financial instruments. During the first nine months of fiscal 2014, amounts due under the US$190 million Senior Secured Notes Series A increased by $5.9 million due to the US dollar's appreciation relative to the Canadian dollar. The fair value of cross-currency swaps asset increased by a net amount of $6.1 million, of which an increase of $5.9 million offsets the foreign exchange loss on the debt denominated in US dollars. The difference of $0.2 million was recorded as an increase of other comprehensive income. During the first nine months of fiscal 2013, amounts due under the US$190 million Senior Secured Notes Series A increased by $9.7 million due to the US dollar's appreciation over the Canadian dollar. The fair value of cross-currency swaps liability decreased by a net amount of $9.3 million, of which a decrease of $9.7 million offsets the foreign exchange loss on the debt denominated in US dollars. The difference of $0.4 million was recorded as a decrease of other comprehensive income.

In addition, on July 22, 2013, Cogeco Cable had entered into interest rate swap agreements to fix the interest rate on US$200 million of its LIBOR based loans. These agreements have the effect of converting the floating US LIBOR base rate at an average fixed rate of 0.39625% under the Term Revolving Facility until July 25, 2015. The Corporation elected to apply hedge accounting on these derivative financial instruments. During the first nine months of fiscal 2014, the fair value of interest rate swaps asset decreased by a net amount of $0.8 million which was recorded as a decrease of other comprehensive income.

The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to these facilities is approximately $6.4 million based on the current debt at May 31, 2014.

Furthermore, the Corporation's investment 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. At May 31, 2014, the investments for Atlantic Broadband and Peer 1 Hosting amounted to US$1.1 billion and £62.7 million while long-term debt hedging these investments were US$859.5 million and £56.0 million. The exchange rates used to convert the US dollar currency and British Pound currency into Canadian dollars for the statement of financial position accounts at May 31, 2014 were $1.0842 per US dollar and $1.8173 per British Pound compared to $1.0530 per US dollar and $1.6318 per British Pound at August 31, 2013. The impact of a 10% fluctuation in the exchange rates of the US dollar and British Pound into Canadian dollars would change other comprehensive income by approximately $26.9 million.

Since the Corporation's condensed interim consolidated financial statements are expressed in Canadian dollars but a portion of its business is conducted in US dollar and British Pound currency, exchange rate fluctuations can increase or decrease the Corporation's operating results. For the three and nine-month periods ended May 31, 2014, the average rates prevailing used to convert the operating results of the American cable services and a portion of the Enterprise services were as follows:

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013	Change	**May 31, 2014**	May 31, 2013	Change
	$	$	%	**$**	$	%
US dollar vs Canadian dollar	**1.0997**	1.0211	7.7	**1.0759**	1.0091	6.6
British Pound vs Canadian dollar	**1.8405**	1.5545	18.4	**1.7664**	1.5565	13.5

The following tables highlight in Canadian dollars, the impact of a 10% increase in the US dollar or British Pound against the Canadian dollar as the case may be, of Cogeco Cable's operating results for the three and nine-month periods ended May 31, 2014:

	Canadian cable services		American cable services		Enterprise services	
Quarter ended May 31, 2014	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$
Revenue	**317,072**	**—**	**101,435**	**10,144**	**78,573**	**3,846**
Operating expense	**153,337**	**522**	**56,610**	**5,661**	**54,407**	**3,187**
Adjusted EBITDA	**163,735**	**(522)**	**44,825**	**4,483**	**24,166**	**659**
Acquisitions of property, plant and equipment, intangible and other assets	**42,455**	**1,433**	**23,421**	**2,343**	**18,576**	**802**

	Canadian cable services		American cable services		Enterprise services	
Nine months ended May 31, 2014	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$
Revenue	**939,750**	**—**	**292,032**	**29,193**	**227,284**	**11,195**
Operating expenses	**463,882**	**1,704**	**162,396**	**16,226**	**150,062**	**8,567**
Adjusted EBITDA	**475,868**	**(1,704)**	**129,636**	**12,967**	**77,222**	**2,628**
Acquisitions of property, plant and equipment, intangible and other assets	**130,046**	**4,954**	**52,711**	**5,238**	**67,590**	**2,918**

DIVIDEND DECLARATION

At its July 9, 2014 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.30 per share for multiple voting and subordinate voting shares, payable on August 6, 2014, to shareholders of record on July 23, 2014. 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 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]	
		Quarters ended		Nine months ended			
	May 31, 2014	**May 31, 2014**	May 31, 2013	**May 31, 2014**	May 31, 2013	**May 31, 2014**	May 31, 2013
PSU[2]	**1,956,444**	**(5,633)**	(1,013)	**(23,678)**	17,089		
Television service customers	**807,831**	**(8,021)**	(7,363)	**(26,940)**	(17,771)	**47.9**	50.7
HSI service customers	**676,802**	**3,821**	3,412	**15,465**	20,723	**40.2**	39.7
Telephony service customers	**471,811**	**(1,433)**	2,938	**(12,203)**	14,137	**28.0**	29.1

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

Fiscal 2014 third-quarter and first nine months PSU net losses amounted to 5,633 and 23,678 compared to net losses of 1,013 and net additions of 17,089 for the comparable periods of the prior year, mainly as a result of service category maturity, competitive offers in the industry and tightening of our customer qualifications. For the third quarter and first nine months of fiscal 2014, net customer losses for Television service stood at 8,021 and 26,940 compared to 7,363 and 17,771 for the same periods last year. Television service customer net losses are mainly due to the promotional offers of competitors for the video service, service category maturity and the IPTV footprint growth from competitors. For the third quarter and first nine months of fiscal 2014, net additions for HSI service customers stood at 3,821 and 15,465, respectively, compared to 3,412 and 20,723 for the comparable periods of fiscal 2013. HSI net additions continue to stem from the enhancement of the product offering, the impact of the bundled offer of Television, HSI and Telephony services, and promotional activities. Net losses for the Telephony service amounted

to 1,433 and 12,203, respectively, for the third quarter and first nine months of fiscal 2014, compared to net additions of 2,938 and 14,137 for the same periods of prior year.

Furthermore, as at May 31, 2014, 69% (68% in 2013) 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: 31% who subscribe to the single play (32% in 2013), 33% to the double play (31% in 2013) and 36% to the triple play (37% in 2013).

OPERATING RESULTS

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013 [1]	Change	**May 31, 2014**	May 31, 2013 [1]	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**317,072**	306,401	3.5	**939,750**	917,389	2.4
Operating expenses	**153,337**	153,238	0.1	**463,882**	465,218	(0.3)
Adjusted EBITDA	**163,735**	153,163	6.9	**475,868**	452,171	5.2
Operating margin	**51.6%**	50.0%		**50.6%**	49.3%	

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

Revenue

Fiscal 2014 third-quarter revenue increased by $10.7 million, or 3.5%, to reach $317.1 million, compared to the same period last year. For the first nine months, revenue amounted to $939.8 million, an increase of 2.4% compared to the first nine months of fiscal 2013. Revenue increase is mainly attributable to rate increases implemented in June 2013 and April 2014 in Quebec and Ontario, partly offset by PSU losses.

Operating expenses

For the third quarter ended May 31, 2014, operating expenses remained essentially the same at $153.3 million compared to $153.2 million last year. For the first nine months, operating expenses amounted to $463.9 million, a decrease of $1.3 million compared to the same period of the prior year. The decrease is mainly attributable to cost reduction initiatives and the restructuring activities which occurred in the fourth quarter of fiscal 2013 and in the first nine months of fiscal 2014.

Adjusted EBITDA and operating margin

Fiscal 2014 third-quarter adjusted EBITDA amounted to $163.7 million, or 6.9% higher than in the same period of the prior year. For the first nine months of fiscal 2014, adjusted EBITDA amounted to $475.9 million, or 5.2% higher than the comparable period of the prior year. Both increases in adjusted EBITDA are mainly attributable to revenue growth exceeding operating expenses. Consequently, operating margin increased to 51.6% from 50.0% compared to fiscal 2013 third-quarter and to 50.6% from 49.3% for the first nine months of fiscal 2014 compared to the prior year.

AMERICAN CABLE SERVICES

On November 30, 2012, the Corporation completed the acquisition of Atlantic Broadband, an independent cable system operator formed in 2003 and providing Analogue and Digital Television, as well as HSI and Telephony services. Atlantic Broadband operates cable systems in Western Pennsylvania, Southern Florida, Maryland/Delaware and South Carolina.

CUSTOMER STATISTICS

		Net additions (losses)				% of penetration[1]	
		Quarters ended		Nine months ended			
	May 31, 2014	**May 31, 2014**	May 31, 2013	**May 31, 2014**	May 31, 2013	**May 31, 2014**	May 31, 2013
PSU[2]	**495,674**	**3,124**	(66)	**8,139**	3,694		
Television service customers	**227,160**	**(1,599)**	(1,044)	**(5,021)**	(3,372)	**43.8**	45.3
HSI service customers	**188,795**	**3,990**	1,191	**11,687**	6,617	**36.4**	34.1
Telephony service customers	**79,719**	**733**	(213)	**1,473**	449	**15.4**	15.2

(1) As a percentage of homes passed.

(2) Represents the sum of Television, HSI and Telephony service customers.

Fiscal 2014 third-quarter and first nine months PSU net additions amounted to 3,124 and 8,139, respectively, compared to net losses of 66 and net additions of 3,694 for the comparable periods of the prior year. The comparable figures for the first nine months of the prior year include only six months of operating results since the acquisition of Atlantic Broadband occurred at the end of first quarter of fiscal 2013. Net customer losses for the Television service stood at 1,599 and 5,021, respectively, for the third quarter and first nine months of fiscal 2014, compared to net losses of 1,044 and 3,372 for the comparable periods of last year as a result of competitive offers in the industry. For the third quarter and first nine months of fiscal 2014, net customer additions for HSI service amounted to 3,990 and 11,687 compared to 1,191 and 6,617 for the same periods of the prior year mainly due to 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 733 and 1,473 for the three and nine-month periods ended May 31, 2014, compared to net losses of 213 and net additions of 449 for the same periods of fiscal 2013.

Furthermore, as at May 31, 2014, 59% (59% in 2013) 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 2013), 38% to the double play (37% in 2013) and 21% to the triple play (22% in 2013).

OPERATING RESULTS

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013	Change	**May 31, 2014**	May 31, 2013	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**101,435**	90,394	12.2	**292,032**	176,244	65.7
Operating expenses	**56,610**	49,145	15.2	**162,396**	95,774	69.6
Adjusted EBITDA	**44,825**	41,249	8.7	**129,636**	80,470	61.1
Operating margin	**44.2%**	45.6%		**44.4%**	45.7%	

Revenue

Fiscal 2014 third-quarter revenue increased by $11.0 million, or 12.2%, to reach $101.4 million compared to the same period last year. Revenue increased due to the PSU growth, rate increases implemented in fiscal 2014 as well as favorable foreign exchange rates compared to last year. For the first nine months, revenue amounted to $292.0 million, an increase of $115.8 million compared to the first nine months of fiscal 2013. This increase is mainly due to nine months of operating results included in fiscal 2014 compared to six months for the comparable period since Atlantic Broadband was acquired at the end of the first quarter of fiscal 2013, on November 30, 2012.

For the third quarter and first nine months of fiscal 2014, revenue in local currency amounted to US$92.2 million and US$271.4 million, compared to US$88.5 million and US$174.6 million for the same periods last year.

Operating expenses

Fiscal 2014 third-quarter operating expenses amounted to $56.6 million, an increase of 15.2% compared to the same period last year. The increase is mainly attributable to servicing additional PSU, additional programming costs, the deployment of TiVo's digital entertainment services as well as marketing initiatives to improve PSU growth and by the appreciation of the US dollar over the Canadian dollar. For the first nine months, operating expenses amounted to $162.4 million, an increase of $66.6 million compared to the first nine months of fiscal 2013. This increase is mainly due to nine months of operating results included in fiscal 2014 compared to six months for the comparable period since Atlantic Broadband was acquired at the end of the first quarter of fiscal 2013, on November 30, 2012.

Operating expenses in local currency for the for the third quarter and first nine months of fiscal 2014 amounted to US$51.5 million and US$150.8 million, compared to US$48.1 million and US$94.9 million for the comparable periods of last year.

Adjusted EBITDA and operating margin

Fiscal 2014 third-quarter adjusted EBITDA increased by 8.7% to reach $44.8 million compared to last year as a result of the factors previously discussed. For the first nine months of fiscal 2014, adjusted EBITDA amounted to $129.6 million compared to $80.5 million for the same period of fiscal 2013 as a result of nine months of operating results compared to six months for the comparable period and to the factors previously discussed. As a result of operating expenses growth exceeding revenue growth, operating margin for the three and nine-month periods ended May 31, 2014 decreased to 44.2% from 45.6% and to 44.4% from 45.7% for the comparable periods of the prior year.

Fiscal 2014 third-quarter adjusted EBITDA in local currency amounted to US$40.8 million compared to US$40.4 million for the same period last year and US$120.5 million compared to US$79.7 million for the first nine months of fiscal 2013.

ENTERPRISE SERVICES

	Quarters ended			Nine months ended		
	May 31, 2014	May 31, 2013	Change	**May 31, 2014**	May 31, 2013	Change
(in thousands of dollars, except percentages)	**$**	$	%	**$**	$	%
Revenue	**78,573**	68,130	15.3	**227,284**	129,610	75.4
Operating expenses	**54,407**	44,710	21.7	**150,062**	82,063	82.9
Adjusted EBITDA	**24,166**	23,420	3.2	**77,222**	47,547	62.4
Operating margin	**30.8%**	34.4%		**34.0%**	36.7%	

OPERATING RESULTS

Revenue

Fiscal 2014 third-quarter revenue increased by $10.4 million, or 15.3%, to reach $78.6 million, compared to the same period last year. Revenue increased due to the organic growth from data centre, managed IT and connectivity services as well as the appreciation of the US dollar and the British Pound against the Canadian dollar for our foreign operations. For the first nine months of fiscal 2014, revenue amounted to $227.3 million, an increase of $97.7 million compared to fiscal 2013. The increase is mainly due to the full year impact of the acquisition of Peer 1 Hosting which occurred during the second quarter of fiscal 2013 combined with the organic growth from data centre, managed IT and connectivity services and favorable foreign exchange rates for our foreign operations compared to last year. Revenue for the quarter and the first nine months of fiscal 2014 of Peer 1 Hosting have been negatively impacted by non recurring billing adjustments and credit notes as a result of improved controls and procedures related to the certification process that is still underway.

Operating expenses

For the third quarter of fiscal 2014 operating expenses increased by $9.7 million, to $54.4 million due to the organic growth combined with the appreciation of the US dollar and the British Pound against the Canadian dollar. For the first nine months of fiscal 2014, operating expenses amounted to $150.1 million, an increase of $68.0 million compared to last year due to the full year impact of Peer 1 Hosting acquisition, the organic growth as well as the appreciation of the US dollar and the British Pound against the Canadian dollar. During the third quarter of fiscal 2014, Peer 1 Hosting reviewed and enhanced its collection process resulting in an increase in the impairment of trade and other receivables. Furthermore, Peer 1 Hosting incurred non recurring additional costs with regards to certain initiatives.

Adjusted EBITDA and operating margin

As a result of revenue growth exceeding the increase in operating expenses, fiscal 2014 third-quarter adjusted EBITDA increased by $0.7 million, or 3.2%, to reach $24.2 million and by $29.7 million, or 62.4%, in the first nine months to reach $77.2 million, compared to the same periods of the prior year. The above non-recurring revenue and operating expenses items have negatively impacted the adjusted EBITDA by approximately $3.0 million for the third quarter ended May 31, 2014. Operating margin decreased to 30.8% from 34.4% in the third quarter and to 34.0% from 36.7% for the first nine months compared to fiscal 2013 as a result of lower margins business activities from Peer 1 Hosting as well as non recurring adjustments recorded in the third quarter.

FISCAL 2014 REVISED FINANCIAL GUIDELINES

Giving effect to the impairment of property, plant and equipment of $32.2 million which occurred during the third quarter of fiscal 2014 in the Canadian cable services segment as well as additional integration, restructuring and acquisitions costs related to restructuring activities, Cogeco Cable revised downwards its fiscal 2014 projected profit for the year compared to the one issued on April 9, 2014. Profit for the year is now expected to reach $210 million, a decrease of $25 million, or 10.6%, compared to the April 9, 2014 projections.

Fiscal 2014 revised financial guidelines are as follows:

(in millions of dollars, except operating margin and capital intensity)	**Revised projections July 9, 2014 Fiscal 2014 $**	Revised projections April 9, 2014 Fiscal 2014 $
Financial guidelines		
Revenue	**1,955**	1,955
Adjusted EBITDA	**895**	895
Operating margin	**45.8%**	45.8%
Integration, restructuring and acquisition costs	**4**	—
Depreciation and amortization	**470**	470
Financial expense	**130**	130
Current income tax expense	**96**	100
Profit for the year	**210**	235
Acquisitions of property, plant and equipment, intangible and other assets	**425**	425
Free cash flow[(1)]	**240**	240
Capital intensity	**21.7%**	21.7%

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

FISCAL 2015 PRELIMINARY FINANCIAL GUIDELINES

Fiscal 2015 preliminary financial guidelines take into consideration the current uncertain global economic and the intense competitive environment that prevails in Canada, the United States and Europe by the incumbent telecommunications or IT infrastructure providers, as the case may be. In addition, these preliminary financial guidelines are supported by Cogeco Cable's objectives which are to improve profitability to create shareholder value. Cogeco Cable focus on customer's needs by offering services at attractive prices, expanding its offering with respect to geography and by diversifying its product and services. As the Corporation operates in an industry characterized by rapid technological innovation which requires substantial capital, Cogeco Cable will continue the expansion and upkeep maintenance of its networks and data centre facilities as well as the launch and expansion of new or additional services. The Corporation recognizes that customer service is a key brand attribute that has potential to differentiate its services compared to its competitors and that superior customer service earns their loyalty and retention. As the cost containment is a core element of financial performance and remains a key factor to maintain strong operating margins, Cogeco Cable intends to continue executing its strategy of tight operating and capital cost controls and rigorous customer-related processes.

For fiscal 2015, Cogeco Cable expects to achieve revenue of $2.03 billion, representing a growth of $75 million or 3.8% compared to the revised fiscal 2014 projection issued on July 9, 2014. In the Cable services segment, revenue should stem primarily from targeted marketing initiatives to improve penetration rates of HSI and Telephony services in the commercial and business sector while the penetration of residential Telephony and Television services should slow in the Canadian cable services, reflecting service category maturity and intense competition. Furthermore, Digital video and HSI services should continue to benefit from customers' ongoing interest in TiVo's digital entertainment services in the American cable services segment as well as the projected launch of TiVo services in the Canadian cable services segment. Cable services segment will also benefit from the impact of rate increases in most of its services. In the Enterprise services segment, revenue growth should stem primarily from managed hosting and colocation services due to the expansion of Barrie data centre facility as well as from the migration of services in the portfolio that generate revenue with higher margins. In addition, the construction of a new data centre facility in Kirkland, Montreal, is expected to be completed in the first half of fiscal 2015 and should begin generating revenue. The revenue growth should also be driven by connectivity services as a result of network expansions and new customer installations.

Fiscal 2015 operating expenses are expected to expand by approximately $45 million, or 4.2%, compared to the 2014 revised projections due to additional expenditures to support the Enterprise services segment growth, salary increases as well as the continuation of the marketing initiatives and retention strategies. These increases should be partly offset by cost reduction initiatives from improved systems and processes and by the restructuring activities that were completed in fiscal 2014.

For fiscal 2015, the Corporation expects adjusted EBITDA of $925 million, an increase of $30 million, or 3.4%, compared to the 2014 revised projections. The operating margin is expected to reach approximately 45.6% in fiscal 2015, compared to the revised projections for the 2014 fiscal year of 45.8%, reflecting lower margins business activities from the Enterprise services segment as well as operating expenses increasing slightly faster than the revenue.

Cogeco Cable expects the depreciation and amortization of property, plant and equipment and intangible assets to decrease by $5 million for fiscal 2015, mainly from the increase in capital expenditures with longer useful lives resulting in lower depreciation and amortization expense for fiscal 2015. Cash flows from operations should finance capital expenditures which are expected to reach $430 million compared to $425 million

for the 2014 revised projections. Fiscal 2015 capital expenditures should increase mainly due to the completion of the expansion of the Barrie data centre facility and the construction of a new data centre in Kirkland in the Enterprise services segment.

Fiscal 2015 free cash flow is expected to amount to $270 million, an increase of $30 million, or 12.5% compared to the projected free cash flow of $240 million due to the adjusted EBITDA growth, partly offset by additional capital expenditures. As a result, generated free cash flow will reduce Indebtedness net of cash and cash equivalent, thus improving the Corporation's net leverage ratios. Financial expense should amount to $125 million, a decrease of $5 million, or 3.8%, from lower Indebtedness level. Finally, profit for the year should reach approximately $260 million compared to $210 million for the 2014 revised projections.

Fiscal 2015 preliminary financial guidelines are as follows:

	Preliminary projections	Revised projections July 9, 2014
	Fiscal 2015	Fiscal 2014
(in millions of dollars, except operating margin and capital intensity)	**$**	$
Financial guidelines		
Revenue	**2,030**	1,955
Adjusted EBITDA	**925**	895
Operating margin	**45.6%**	45.8%
Integration, restructuring and acquisition costs	**—**	4
Depreciation and amortization	**465**	470
Financial expense	**125**	130
Current income tax expense	**100**	96
Profit for the year	**260**	210
Acquisitions of property, plant and equipment, intangible and other assets	**430**	425
Free cash flow[(1)]	**270**	240
Capital intensity	**21.2%**	21.7%

(1) Free cash flow is calculated as adjusted EBITDA less, integration, restructuring and acquisition costs, financial expense, current income tax expense 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*.

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR as at May 31, 2014, and concluded that, as described below, there exists a material weakness in ICFR at Peer 1 Hosting. A material weakness in ICFR exists if there exists 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.

Cogeco Cable acquired 96.57% of the issued and outstanding shares of Peer 1 Hosting on January 31, 2013 pursuant to the public offer made by Cogeco Cable, through its indirectly wholly-owned subsidiary 0957926 B.C. LTD. The remaining shares of Peer 1 Hosting were acquired on April 3, 2013. Management has been working diligently since the acquisition to complete its review of the design of ICFR at Peer 1 Hosting. Despite these efforts, Management has not to date completed its review. During the course of the portion of the review that has been completed, Management identified certain deficiencies in ICFR at Peer 1 Hosting principally relating to the financial statements close and inadequate segregation of duties over certain information system access controls.

Management has committed additional resources in order to complete the review of Peer 1 Hosting's ICFR and bring them in line with Cogeco Cable's design standards by 2014 calendar year, and has progressed in terms of the implementation of a number of measures to address the deficiencies described above. More specifically, Management has implemented several detailed review processes that provide for a more granular level of analysis. Moreover, access rights are being adjusted to reflect proper segregation of duties, and a series of corporate policies have been introduced to enhance Peer 1 Hosting's overall control environment. The Corporation cannot currently assess the potential impact of any further design deficiencies which may be identified during the completion of its review of Peer 1 Hosting's ICFR.

Based on the review completed to date, the CEO and the CFO believe that (i) the Corporation's interim filings for the three and nine-month periods ended May 31, 2014 do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, and (ii) the interim financial report together with the other financial information included in the interim filings fairly present, in all material respects, the financial condition, financial performance and cash flows of Cogeco Cable for the three and nine-month periods ended May 31, 2014.

Peer 1 Hosting represents 10% of revenue, -16% of profit for the period, 15% of total assets, 21% of current assets, 15% of non current assets, 7% of current liabilities and 17% of non current liabilities of the condensed consolidated interim financial statements for the nine-month period ended May 31, 2014.

UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2013 Annual Report, available at <www.sedar.com> and <www.cogeco.ca>. Except as described below, there has been no significant change in the uncertainties and main risk factors faced by the Corporation since August 31, 2013.

On October 24, 2013, the Canadian Radio-television and Telecommunications Commission ("CRTC") issued Broadcasting Notice of Invitation inviting Canadians to express their views on the future of the television system in Canada. The initial phases of the "Let's Talk TV" public proceeding and the issuance by the federal government on November 11, 2013 of Order in Council PC 2013-1167 directing the CRTC to report on the ability of Canadian consumers to subscribe to pay and specialty television services on a service-by-service basis have led to the issuance by the CRTC on April 24, 2014 of Notice of Public Hearing CRTC 2014-190 setting up a proposed new broadcasting regulatory approach. If adopted at the conclusion of this proceeding, the new regulatory framework would provide, among other things, that broadcasting distribution undertakings ("BDUs") offer to their customers: a) a small basic service comprised only of local television stations, mandatory services under subsection 9(1)(h) of the *Broadcasting Act*, as well as the relevant provincial educational services, the community channel and the provincial legislature service in the area served by the BDU; and b) all other licensed or exempted programming services and non-Canadian services as discretionary services on a pick-and-pay and on a build-your-own-package basis. BDUs would however be allowed to continue offering discretionary programming services in pre-assembled packages to subscribers in the same manner as they do now. This new regulatory framework would have a significant impact on the broadcasting distribution business of Cogeco Cable and other BDUs by forcing the removal of American conventional television networks and of popular sports and other specialty services from the basic service tier and requiring the handling of pick-and-pay and build-your-own-package options for all discretionary programming services. On June 27, 2014, Cogeco Cable filed a comprehensive intervention with the CRTC as part of this proceeding and has requested to appear at a public hearing to be held by the CRTC starting on September 8, 2014. At this time, it is not possible to determine the final outcome of this important regulatory proceeding, the timetable for its implementation or its impact on the broadcasting distribution activities and future financial outlook of Cogeco Cable.

On November 26, 2013, Rogers Communications and the National Hockey League ("NHL") announced that they had concluded a twelve-year comprehensive broadcast and multimedia licensing agreement respecting all national rights to NHL games on all platforms in all languages in Canada, beginning with the 2014-2015 season. Rogers Communications also announced that it had selected CBC and TVA for separate sublicensing deals for English-language broadcasts of "Hockey Night in Canada" and all national French-language multimedia rights, respectively. The Corporation has concluded multi-years agreements for the distribution of the Sportsnet and TVA Sport specialty programming services which include NHL hockey games in their respective programming. These agreements are factored into the financial guidelines issued by Cogeco Cable.

FUTURE ACCOUNTING DEVELOPMENTS IN CANADA

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standard Board ("IASB") are effective for annual periods starting on or after January 1, 2013 and have been applied in preparing the condensed interim consolidated financial statements for the three and nine-month periods ended May 31, 2014.

NEW ACCOUNTING STANDARDS

The Corporation adopted the following new accounting standards on September 1, 2013. The impacts of the application of this standard are described in Note 2 of the condensed interim consolidated financial statements.

- *Amendment to IAS 19, Employee Benefits* : The principal difference in the amended standard is that the expected long-term rate of return on plan assets will no longer be used to calculate the defined benefit pension costs. The defined benefit pension costs concepts of "interest cost" and "expected return on plan assets" are replaced by the concept of "net interest" calculated by applying the discount rate to the net liability or asset. The net interest cost takes into account the change any contributions and benefit payments have on the net defined benefit liability or asset during the period.

The Corporation also adopted the following standards on September 1, 2013 which had no impact on the condensed interim consolidated financial statements.

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 12 *Disclosure of Interest in Other Entities*
- IFRS 13 *Fair Value Measurement*

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, 2013. A description of the Corporation's policies and estimates can be found in the 2013 Annual Report, available at www.sedar.com and 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” and “operating margin”.

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 tax expense, 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:

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013 (1)	**May 31, 2014**	May 31, 2013 (1)
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operating activities	**184,435**	166,976	**429,173**	316,780
Changes in non-cash operating activities	**(15,397)**	2,526	**77,388**	78,708
Amortization of deferred transaction costs and discounts on long-term debt	**1,898**	3,580	**5,628**	7,043
Income taxes paid	**15,995**	16,894	**53,538**	76,902
Current income tax expense	**(22,162)**	(25,789)	**(68,932)**	(73,907)
Financial expense paid	**42,864**	26,827	**103,582**	70,542
Financial expense	**(32,038)**	(35,146)	**(97,505)**	(80,068)
Cash flow from operations	**175,595**	155,868	**502,872**	396,000

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

Free cash flow is calculated as follows:

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013 (1)	**May 31, 2014**	May 31, 2013 (1)
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**175,595**	155,868	**502,872**	396,000
Acquisition of property, plant and equipment	**(79,509)**	(108,325)	**(236,675)**	(286,457)
Acquisition of intangible and other assets	**(4,943)**	(4,516)	**(13,672)**	(13,650)
Free cash flow	**91,143**	43,027	**252,525**	95,893

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

ADJUSTED EBITDA AND OPERATING MARGIN

Adjusted EBITDA is used by Cogeco Cable's management and investors to assess the Corporation'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 flows from operations excluding the impact of the capital structure chosen, and is one of the key metrics used by the financial community to value the business and its financial strength. Operating margin is a measure of the proportion of the Corporation's revenue which is available, before income taxes, to pay for its fixed costs, such as interest on Indebtedness. 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:

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013 (1)	**May 31, 2014**	May 31, 2013 (1)
(in thousands of dollars, except percentages)	**$**	$	**$**	$
Profit for the period	**35,514**	48,079	**145,593**	141,025
Income taxes	**8,801**	18,411	**36,912**	51,615
Financial expense	**32,038**	35,146	**97,505**	80,068
Impairment of property, plant and equipment	**32,197**	—	**32,197**	—
Depreciation and amortization	**117,653**	111,445	**346,540**	268,611
Integration, restructuring and acquisitions costs	**3,186**	2,101	**3,780**	16,865
Adjusted EBITDA	**229,389**	215,182	**662,527**	558,184
Revenue	**496,448**	464,497	**1,457,436**	1,222,080
Operating margin	**46.2%**	46.3%	**45.5%**	45.7%

(1) Comparative figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits*. For further details, please refer to Note 2 of the condensed interim consolidated financial statements.

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:

	Quarters ended		Nine months ended	
	May 31, 2014	May 31, 2013	**May 31, 2014**	May 31, 2013
(in thousands of dollars, except percentages)	**$**	$	**$**	$
Acquisition of property, plant and equipment	**79,509**	108,325	**236,675**	286,457
Acquisition of intangible and other assets	**4,943**	4,516	**13,672**	13,650
Total capital expenditures	**84,452**	112,841	**250,347**	300,107
Revenue	**496,448**	464,497	**1,457,436**	1,222,080
Capital intensity	**17.0%**	24.3%	**17.2%**	24.6%

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Quarters ended	**May 31,**		February 28,		November 30,		August 31,	
(in thousands of dollars, except percentages and per share data)	**2014**	2013 [2]	**2014**	2013 [2]	**2013**	2012 [2]	2013 [2]	2012
	$	$	**$**	$	**$**	$	$	$
Revenue	**496,448**	464,497	**486,008**	429,672	**474,980**	327,911	470,386	324,768
Adjusted EBITDA	**229,389**	215,182	**221,616**	195,826	**211,522**	147,176	222,539	160,825
Operating margin	**46.2%**	46.3%	**45.6%**	45.6%	**44.5%**	44.9%	47.3%	49.5%
Impairment of property, plant and equipment	**32,197**	—	**—**	—	**—**	—	—	—
Income taxes	**8,801**	18,411	**14,838**	15,821	**13,273**	17,383	11,159	32,987
Profit for the period	**35,514**	48,079	**60,381**	50,833	**49,698**	42,113	43,870	45,705
Profit for the period attributable to owners of the Corporation	**35,514**	47,877	**60,381**	51,035	**49,698**	42,113	43,870	45,705
Cash flow from operating activities	**184,435**	166,976	**181,628**	150,084	**63,110**	(280)	228,230	203,343
Cash flow from operations	**175,595**	155,868	**174,013**	140,401	**153,264**	99,731	161,581	126,946
Acquisitions of property, plant and equipment, intangible and other assets	**84,452**	112,841	**80,806**	104,433	**85,089**	82,833	108,095	124,392
Free cash flow	**91,143**	43,027	**93,207**	35,968	**68,175**	16,898	53,486	2,554
Capital intensity	**17.0%**	24.3%	**16.6%**	24.3%	**17.9%**	25.3%	23.0%	38.3%
Earnings per share[1]								
Basic	**0.73**	0.98	**1.24**	1.05	**1.02**	0.87	0.90	0.94
Diluted	**0.72**	0.98	**1.23**	1.04	**1.01**	0.86	0.89	0.93

(1) Per multiple and subordinate voting share.
(2) These figures have been adjusted to comply with the adoption of *IAS 19 - Employee Benefits.*

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 segment the number of customers in the Television service and HSI service 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/Delaware in the United States. In the American cable services segment, the 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 quarter's operating margin is 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 has been reached in the second quarter of fiscal 2014, Cogeco Cable will not pay management fees in the second half of fiscal 2014. Similarly, as the maximum amount was paid in the first six months of fiscal 2013, Cogeco Cable paid no management fees in the second half of the previous fiscal year.

ADDITIONAL INFORMATION

This MD&A was prepared on July 9, 2014. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com.

/s/ Jan Peeters
Jan Peeters
Chairman of the Board

/s/ Louis Audet
Louis Audet
President and Chief Executive Officer

Cogeco Cable Inc.
Montréal, Québec
July 9, 2014



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine-month periods ended May 31, 2014

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

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
(In thousands of Canadian dollars, except per share data)	**$**	$	**$**	$
		(restated, note 2)		(restated, note 2)
Revenue	**496,448**	464,497	**1,457,436**	1,222,080
Operating expenses (note 5)	**267,059**	249,315	**785,235**	654,327
Management fees – COGECO Inc.	**—**	—	**9,674**	9,569
Integration, restructuring and acquisition costs	**3,186**	2,101	**3,780**	16,865
Depreciation and amortization (note 6)	**117,653**	111,445	**346,540**	268,611
Impairment of property, plant and equipment (note 7)	**32,197**	—	**32,197**	—
Financial expense (note 8)	**32,038**	35,146	**97,505**	80,068
Income taxes (note 9)	**8,801**	18,411	**36,912**	51,615
Profit for the period	**35,514**	48,079	**145,593**	141,025
Profit for the period attributable to:				
Owners of the Corporation	**35,514**	47,877	**145,593**	141,025
Non-controlling interest	**—**	202	**—**	—
	35,514	48,079	**145,593**	141,025
Earnings per share (note 10)				
Basic	**0.73**	0.98	**2.99**	2.90
Diluted	**0.72**	0.98	**2.96**	2.88

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

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
(In thousands of Canadian dollars)	**$**	$	**$**	$
		(restated, note 2)		(restated, note 2)
Profit for the period	**35,514**	48,079	**145,593**	141,025
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
Cash flow hedging adjustments				
Net change in fair value of hedging derivative financial instruments	**(4,919)**	1,343	**5,324**	9,288
Net change in fair value of hedging derivative financial instruments reclassified to financial expense	**4,408**	(1,026)	**(5,928)**	(9,709)
Income tax recovery (expense) on cash flow hedging adjustments	**178**	(119)	**(120)**	(304)
	(333)	198	**(724)**	(725)
Foreign currency translation adjustments				
Net foreign currency translation differences on net investments in foreign operations	**(14,392)**	2,394	**23,087**	31,487
Net changes in unrealized adjustments on translation of long-term debt designated as hedges of net investments in foreign operations	**8,524**	(712)	**(13,234)**	(19,517)
	(5,868)	1,682	**9,853**	11,970
Items not to be subsequently reclassified to profit or loss				
Defined benefit pension plans actuarial adjustments				
Employee defined benefit pension plans re-measurements	**103**	1,801	**770**	2,788
Income tax expense on defined benefit pension plans actuarial adjustments	**(27)**	(484)	**(207)**	(749)
	76	1,317	**563**	2,039
Other comprehensive income (loss) for the period	**(6,125)**	3,197	**9,692**	13,284
Comprehensive income for the period	**29,389**	51,276	**155,285**	154,309
Comprehensive income for the period attributable to:				
Owners of the Corporation	**29,389**	51,451	**155,285**	154,309
Non-controlling interest	**—**	(175)	**—**	—
	29,389	51,276	**155,285**	154,309

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

	Equity attributable to owners of the Corporation					
(In thousands of Canadian dollars)	Share capital	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Equity attributable to non-controlling interest	Total shareholders' equity
	$	$	$	$	$	$
	(note 12)	(note 12)	(note 13) (restated, note 3)	(restated, note 2)		(restated, notes 2 and 3)
Balance at August 31, 2012	992,164	9,749	3,105	183,413	—	1,188,431
Profit for the period	—	—	—	141,025	—	141,025
Other comprehensive income for the period	—	—	11,245	2,039	—	13,284
Comprehensive income for the period	—	—	11,245	143,064	—	154,309
Issuance of subordinate voting shares under the Stock Option Plan	717	—	—	—	—	717
Share-based payment	—	2,351	—	—	—	2,351
Share-based payment previously recorded in share-based payment reserve for options exercised	251	(251)	—	—	—	—
Dividends on multiple voting shares	—	—	—	(12,239)	—	(12,239)
Dividends on subordinate voting shares	—	—	—	(25,703)	—	(25,703)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	(4,076)	—	—	—	—	(4,076)
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	1,415	(1,420)	—	5	—	—
Non-controlling interest acquired as a result of business combination	—	—	—	—	16,962	16,962
Acquisition of non-controlling interest	—	—	—	—	(16,962)	(16,962)
Total contributions by and distributions to shareholders	(1,693)	680	—	(37,937)	—	(38,950)
Balance at May 31, 2013	990,471	10,429	14,350	288,540	—	1,303,790
Balance at August 31, 2013	**992,673**	**10,884**	**19,102**	**320,281**	**—**	**1,342,940**
Profit for the period	**—**	**—**	**—**	**145,593**	**—**	**145,593**
Other comprehensive income for the period	**—**	**—**	**9,129**	**563**	**—**	**9,692**
Comprehensive income for the period	**—**	**—**	**9,129**	**146,156**	**—**	**155,285**
Issuance of subordinate voting shares under the Stock Option Plan	**4,981**	**—**	**—**	**—**	**—**	**4,981**
Share-based payment	**—**	**4,318**	**—**	**—**	**—**	**4,318**
Share-based payment previously recorded in share-based payment reserve for options exercised	**1,530**	**(1,530)**	**—**	**—**	**—**	**—**
Dividends on multiple voting shares	**—**	**—**	**—**	**(14,122)**	**—**	**(14,122)**
Dividends on subordinate voting shares	**—**	**—**	**—**	**(29,738)**	**—**	**(29,738)**
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan	**(6,934)**	**—**	**—**	**—**	**—**	**(6,934)**
Distribution to employees of subordinate voting shares held in trust under the Incentive Share Unit Plan	**3,117**	**(3,151)**	**—**	**34**	**—**	**—**
Total contributions by and distributions to shareholders	**2,694**	**(363)**	**—**	**(43,826)**	**—**	**(41,495)**
Balance at May 31, 2014	**995,367**	**10,521**	**28,231**	**422,611**	**—**	**1,456,730**

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

(In thousands of Canadian dollars)	**May 31, 2014** **$**	August 31, 2013 $
		(restated, note 3)
Assets		
Current		
Cash and cash equivalents	**30,526**	39,575
Trade and other receivables (note 16 A))	**95,736**	86,985
Income taxes receivable	**23,301**	17,593
Prepaid expenses and other	**16,997**	13,338
	166,560	157,491
Non-current		
Other assets	**9,540**	10,472
Property, plant and equipment	**1,773,325**	1,854,155
Intangible assets	**1,902,947**	1,910,089
Goodwill	**1,218,493**	1,189,231
Derivative financial instruments	**6,157**	833
Deferred tax assets	**129,167**	132,148
	5,206,189	5,254,419
Liabilities and Shareholders' equity		
Liabilities		
Current		
Bank indebtedness	**9,440**	13,166
Trade and other payables	**175,652**	261,115
Provisions	**17,367**	12,550
Income tax liabilities	**44,127**	23,924
Deferred and prepaid revenue	**55,353**	55,079
Current portion of long-term debt (note 11)	**24,968**	15,190
	326,907	381,024
Non-current		
Long-term debt (note 11)	**2,795,086**	2,877,075
Deferred and prepaid revenue and other liabilities	**23,487**	19,124
Pension plan liabilities and accrued employees benefits	**5,269**	7,275
Deferred tax liabilities	**598,710**	626,981
	3,749,459	3,911,479
Shareholders' equity		
Equity attributable to owners of the Corporation		
Share capital (note 12)	**995,367**	992,673
Share-based payment reserve	**10,521**	10,884
Accumulated other comprehensive income (note 13)	**28,231**	19,102
Retained earnings	**422,611**	320,281
	1,456,730	1,342,940
	5,206,189	5,254,419

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

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
(In thousands of Canadian dollars)	**$**	$	**$**	$
		(restated, note 2)		(restated, note 2)
Cash flow from operating activities				
Profit for the period	**35,514**	48,079	**145,593**	141,025
Adjustments for:				
Depreciation and amortization (note 6)	**117,653**	111,445	**346,540**	268,611
Impairment of property, plant and equipment (note 7)	**32,197**	—	**32,197**	—
Financial expense (note 8)	**32,038**	35,146	**97,505**	80,068
Income taxes (note 9)	**8,801**	18,411	**36,912**	51,615
Share-based payment (note 12)	**2,015**	945	**4,982**	2,620
Loss on disposals and write-offs of property, plant and equipment	**770**	13	**2,065**	1,837
Defined benefit pension plans contributions, net of expense	**(1,091)**	(816)	**(2,113)**	(2,844)
	227,897	213,223	**663,681**	542,932
Changes in non-cash operating activities (note 14)	**15,397**	(2,526)	**(77,388)**	(78,708)
Income taxes paid	**(15,995)**	(16,894)	**(53,538)**	(76,902)
Financial expense paid	**(42,864)**	(26,827)	**(103,582)**	(70,542)
	184,435	166,976	**429,173**	316,780
Cash flow from investing activities				
Acquisition of property, plant and equipment	**(79,509)**	(108,325)	**(236,675)**	(286,457)
Acquisition of intangible and other assets	**(4,943)**	(4,516)	**(13,672)**	(13,650)
Business combinations, net of cash and cash equivalents acquired (note 3)	**—**	(22,377)	**—**	(2,005,667)
Other	**25**	57	**605**	305
	(84,427)	(135,161)	**(249,742)**	(2,305,469)
Cash flow from financing activities				
Increase (decrease) in bank indebtedness	**7,812**	—	**(3,726)**	—
Net increases (repayments) under the revolving facilities	**(112,640)**	(304,915)	**(128,239)**	545,470
Issuance of long-term debt, net of discounts and transaction costs	**—**	694,651	**—**	1,728,617
Repayments of long-term debt	**(4,813)**	(406,950)	**(10,851)**	(408,621)
Increase in deferred transaction costs	**—**	(1,960)	**(1,241)**	(4,242)
Repayment of balance due on a business combination	**—**	—	**—**	(10,525)
Issuance of subordinate voting shares (note 12)	**553**	130	**4,981**	717
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit Plan (note 12)	**—**	—	**(6,934)**	(4,076)
Dividends paid on multiple voting shares	**(4,707)**	(4,080)	**(14,122)**	(12,239)
Dividends paid on subordinate voting shares	**(9,924)**	(8,564)	**(29,738)**	(25,703)
	(123,719)	(31,688)	**(189,870)**	1,809,398
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**(535)**	1,089	**1,390**	1,794
Net change in cash and cash equivalents	**(24,246)**	1,216	**(9,049)**	(177,497)
Cash and cash equivalents, beginning of the period	**54,772**	36,678	**39,575**	215,391
Cash and cash equivalents, end of the period	**30,526**	37,894	**30,526**	37,894

NATURE OF OPERATIONS

Cogeco Cable Inc. (the “Corporation” or the “Parent Corporation”) is a Canadian public corporation whose shares are listed on the Toronto Stock Exchange (“TSX”). 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”), in the United Kingdom ("UK") and in France (see note 4 for a detailed description of operations).

The Corporation is a subsidiary of COGECO Inc., which holds 32% of the Corporation’s equity shares, representing 82.5% 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 2013 annual consolidated financial statements.

These condensed interim consolidated financial statements have been prepared with the accounting policies the Corporation adopted in its 2013 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 derivative financial instruments and cash-settled share-based payment arrangements, which are measured at fair value, and for the pension plan liabilities and accrued employee benefits, 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 for the number of customers in the Cable Television and HSI service which 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 and in the US, due to the winter season residents returning home from late spring through the fall in the Miami area. Furthermore, the third and fourth quarter’s operating margin is usually higher as 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 second quarter of fiscal 2014, the Corporation will not pay management fees in the fourth quarter of fiscal 2014.

The condensed interim consolidated financial statements were approved by the Board of Directors of Cogeco Cable Inc. at its meeting held on July 9, 2014.

2. ACCOUNTING POLICY DEVELOPMENTS

As described in note 3 of the audited consolidated financial statements for the year ended August 31, 2013, the following standards issued by the International Accounting Standard Board ("IASB") were adopted by the Corporation on September 1, 2013, and unless otherwise indicated, have no effect on the financial performance of the Corporation:

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 12 *Disclosure of Interest in Other Entities*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 19 *Employee Benefits*: Relative to the pre-fiscal 2014 accounting policies, presentation and disclosure practices, the principal difference in the amended standard impacting the Corporation is that the expected long-term rate of return on plan assets will no longer be used to calculate the defined benefit pension costs. The defined benefit pension costs concepts of "interest cost" and "expected return on plan assets" are replaced by the concept of "net interest". The Employee defined benefit pension plans net interest is the product of the plan's surplus (deficit) multiplied by the discount rate. The amended standard does not prescribe the classification within the statement of profit or loss of Employee defined benefit pension plans net interest. The Corporation has decided to include the net interest expense or income in financial expense.

  The variance between the actual rate of return on defined plan assets and the discount rate, as well as the related impact of the limit on defined benefit assets, if any, is included in other comprehensive income as employee defined benefit pension plans re-measurements.

The amended standard has been applied retrospectively for all prior periods presented in these condensed interim consolidated financial statements. The impact on profit or loss and other comprehensive income is as follows:

	Three months ended May 31, 2013		
	As previously reported	Effects of amended IAS 19	As currently reported
	$	$	$
Operating expenses			
Salaries, employee benefits and outsourced services	76,868	(50)	76,818
Financial expense	35,032	114	35,146
Income taxes	18,428	(17)	18,411
Profit for the period	48,126	(47)	48,079
Other comprehensive income			
Employee defined benefit pension plans re-measurements	1,737	64	1,801
Income tax expense on defined benefit pension plan actuarial adjustments	(467)	(17)	(484)
Earnings per share			
Basic	0.99	—	0.98
Diluted	0.98	—	0.98

	Nine months ended May 31, 2013		
	As previously reported	Effects of amended IAS 19	As currently reported
	$	$	$
Operating expenses			
Salaries, employee benefits and outsourced services	198,029	(150)	197,879
Financial expense	79,726	342	80,068
Income taxes	51,666	(51)	51,615
Profit for the period	141,166	(141)	141,025
Other comprehensive income			
Employee defined benefit pension plans re-measurements	2,596	192	2,788
Income tax expense on defined benefit pension plan actuarial adjustments	(698)	(51)	(749)
Earnings per share			
Basic	2.90	—	2.90
Diluted	2.88	—	2.88

3. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN FISCAL 2013

On November 30, 2012, the Corporation completed the acquisition of all the outstanding shares of Atlantic Broadband, an independent cable system operator formed in 2003, then serving about 485,000 primary service units and providing Analogue and Digital Television, as well as HSI and Telephony services. The acquisition is an attractive entry point into the American market, providing a significant increase in Primary Service Units base with further growth potential, a high quality network infrastructure and the ability for the Corporation's management to leverage its core knowledge and operational experience. The transaction, valued at US$1.36 billion, was financed through a combination of cash on hand, a draw-down on the existing Term Revolving Facility of approximately US$588 million and US$660 million of borrowings under a new committed non-recourse debt financing at Atlantic Broadband. Atlantic Broadband operates cable systems in Western Pennsylvania, Southern Florida, Delaware/Maryland and South Carolina.

On January 31, 2013, the Corporation acquired approximately 96.57% of the issued and outstanding shares of Peer 1 Network Enterprises, Inc. ("Peer 1 Hosting"). The transaction, valued at approximately $649 million, was financed by new secured revolving credit facilities in the amount of approximately $250 million as well as new secured term credit facilities in the amount of approximately $400 million both having a maturity of four years. On April 3, 2013, Cogeco Cable Inc. completed the acquisition of the remaining 3.43% of the issued and outstanding shares of Peer 1 Hosting pursuant to the compulsory acquisition provisions in Section 300 of the Business Corporations Act ("British Columbia") for a cash consideration of $17 million. Peer 1 Hosting is one of the world's leading internet infrastructure providers, specializing in managed hosting, dedicated servers, cloud services and colocation. This acquisition enhances Cogeco Cable's footprint and builds on its strategic initiatives by increasing scale in an attractive industry segment with significant growth prospects in the state of the art data centre platforms. The Corporation has the resources to serve additional businesses worldwide through 20 data centres and 56 points-of-presence across North America and Europe. Peer 1 Hosting's primary network centre and head office are located in Vancouver, Canada.

During the first quarter of fiscal 2014, the Corporation finalized the purchase price allocation of Atlantic Broadband which remained unchanged from that presented in the 2013 Annual consolidated financial statements. The purchase price allocation of Peer 1 Hosting was finalized by the Corporation during the second quarter of fiscal 2014.

The final purchase price allocations of Atlantic Broadband and Peer 1 Hosting are as follows:

	Peer 1 Hosting	Atlantic Broadband	TOTAL
	Final	Final	Final
	$	$	$
Consideration			
Paid			
Purchase of shares	**494,796**	**337,779**	**832,575**
Working capital adjustments	**—**	**5,415**	**5,415**
Repayment of secured debts and settlement of options outstanding	**170,872**	**1,021,854**	**1,192,726**
	665,668	**1,365,048**	**2,030,716**
Net assets acquired			
Cash and cash equivalents	**10,840**	**5,480**	**16,320**
Restricted cash	**8,729**	**—**	**8,729**
Trade and other receivables	**12,772**	**12,012**	**24,784**
Prepaid expenses and other	**3,855**	**1,370**	**5,225**
Income tax receivable	**2,797**	**3,907**	**6,704**
Other assets	**2,462**	**—**	**2,462**
Property, plant and equipment	**150,013**	**302,211**	**452,224**
Intangible assets	**144,231**	**711,418**	**855,649**
Goodwill	**410,454**	**522,215**	**932,669**
Deferred tax assets	**8,872**	**98,592**	**107,464**
Trade and other payables assumed	**(26,512)**	**(27,620)**	**(54,132)**
Provisions	**—**	**(721)**	**(721)**
Deferred and prepaid revenue and other liabilities assumed	**(3,388)**	**(7,697)**	**(11,085)**
Long-term debt assumed	**(1,735)**	**—**	**(1,735)**
Deferred tax liabilities	**(57,722)**	**(256,119)**	**(313,841)**
	665,668	**1,365,048**	**2,030,716**

The finalization of the purchase price allocation of Peer 1 Hosting during the second quarter ended February 28, 2014 had no impact on the statement of profit or loss and comprehensive income for the three and nine-month periods ended May 31, 2013 while the impact on the statement of financial position at August 31, 2013 is as follows:

	As previously reported	Adjustments	As currently reported
	$	$	$
Income tax receivable	16,935	658	17,593
Intangible assets	1,910,993	(904)	1,910,089
Goodwill	1,192,015	(2,784)	1,189,231
Deferred tax assets	127,796	4,352	132,148
Deferred tax liabilities	624,507	2,474	626,981
Accumulated other comprehensive income	20,254	(1,152)	19,102

4. OPERATING SEGMENTS

The Corporation's profit for the period are reported in three operating segments: Canadian cable services, American cable services and Enterprise 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 data networking, Ethernet, Web hosting, HSI access and Voice over Internet Protocol ("VoIP") services, to small and medium sized businesses.

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

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

Three months ended May 31, 2014

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

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

Three months ended May 31, 2013

	Canadian cable services	American cable services	Enterprise services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
	(restated, note 2)				(restated, note 2)
Revenue[1]	306,401	90,394	68,130	(428)	464,497
Operating expenses	153,238	49,145	44,710	2,222	249,315
Integration, restructuring and acquisition costs	—	175	1,926	—	2,101
Depreciation and amortization	60,803	22,402	28,240	—	111,445
Segment profit (loss)	92,360	18,672	(6,746)	(2,650)	101,636
Financial expense					35,146
Income taxes					18,411
Profit for the period					48,079
Acquisition of property, plant and equipment	47,640	13,309	47,376	—	108,325
Acquisition of intangible and other assets	3,442	491	583	—	4,516

(1) Revenue by geographic market include $341,451 in Canada, $115,931 in the United States and $7,115 in Europe.

Nine months ended May 31, 2014

	Canadian cable services	American cable services	Enterprise services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue[1]	**939,750**	**292,032**	**227,284**	**(1,630)**	**1,457,436**
Operating expenses	**463,882**	**162,396**	**150,062**	**8,895**	**785,235**
Management fees – COGECO Inc.	**—**	**—**	**—**	**9,674**	**9,674**
Integration, restructuring and acquisition costs	**1,663**	**527**	**1,590**	**—**	**3,780**
Depreciation and amortization	**177,738**	**73,210**	**95,592**	**—**	**346,540**
Impairment of property, plant and equipment	**32,197**	**—**	**—**	**—**	**32,197**
Segment profit (loss)	**264,270**	**55,899**	**(19,960)**	**(20,199)**	**280,010**
Financial expense					**97,505**
Income taxes					**36,912**
Profit for the period					**145,593**
Property, plant and equipment[2]	**1,072,956**	**317,424**	**382,945**	**—**	**1,773,325**
Intangible assets[2]	**992,906**	**745,544**	**164,497**	**—**	**1,902,947**
Goodwill[2]	**4,662**	**569,770**	**644,061**	**—**	**1,218,493**
Acquisition of property, plant and equipment	**120,880**	**51,364**	**64,431**	**—**	**236,675**
Acquisition of intangible and other assets	**9,166**	**1,347**	**3,159**	**—**	**13,672**

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

(2) At May 31, 2014.

Nine months ended May 31, 2013

	Canadian cable services	American cable services	Enterprise services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
	(restated, note 2)		(restated, note 3)		(restated, notes 2 and 3)
Revenue[1]	917,389	176,244	129,610	(1,163)	1,222,080
Operating expenses	465,218	95,774	82,063	11,272	654,327
Management fees – COGECO Inc.	—	—	—	9,569	9,569
Integration, restructuring and acquisition costs	—	9,424	7,441	—	16,865
Depreciation and amortization	169,211	43,772	55,628	—	268,611
Segment profit (loss)	282,960	27,274	(15,522)	(22,004)	272,708
Financial expense					80,068
Income taxes					51,615
Profit for the period					141,025
Property, plant and equipment[2]	1,153,287	317,086	383,782	—	1,854,155
Intangible assets[2]	993,352	737,312	179,425	—	1,910,089
Goodwill[2]	4,662	553,373	631,196	—	1,189,231
Acquisition of property, plant and equipment	163,384	26,508	96,565	—	286,457
Acquisition of intangible and other assets	11,215	833	1,602	—	13,650

(1) Revenue by geographic market include $1,002,793 in Canada, $209,851 in the United States and $9,436 in Europe.

(2) At August 31, 2013.

The following tables set out certain geographic information at May 31, 2014 and August 31, 2013:

				At May 31, 2014
	Canada	**United States**	**Europe**	**Total**
	$	**$**	**$**	**$**
Property, plant and equipment	**1,326,374**	**392,988**	**53,963**	**1,773,325**
Intangible assets	**1,082,834**	**808,260**	**11,853**	**1,902,947**
Goodwill	**333,710**	**832,938**	**51,845**	**1,218,493**

				At August 31, 2013
	Canada	United States	Europe	Total
	$	$	$	$
	(restated, note 3)	(restated, note 3)	(restated, note 3)	(restated, note 3)
Property, plant and equipment	1,409,760	394,359	50,036	1,854,155
Intangible assets	1,094,025	804,034	12,030	1,910,089
Goodwill	333,710	808,968	46,553	1,189,231

5. OPERATING EXPENSES

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Salaries, employee benefits and outsourced services	**83,075**	76,818	**240,331**	197,879
Service delivery costs[1]	**141,328**	133,388	**422,495**	352,010
Customer related costs[2]	**17,522**	17,222	**50,965**	44,500
Other external purchases[3]	**25,134**	21,887	**71,444**	59,938
	267,059	249,315	**785,235**	654,327

(1) Include cost of equipment sold, content and programming costs, payment to other carriers, data US 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.

6. DEPRECIATION AND AMORTIZATION

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Property, plant and equipment	**102,248**	95,512	**299,775**	234,705
Intangible assets	**15,405**	15,933	**46,765**	33,906
	117,653	111,445	**346,540**	268,611

7. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

During the third quarter of fiscal 2014, the Corporation's subsidiary, Cogeco Cable Canada, recognized an impairment of $32.2 million of property, plant and equipment, capitalized wages and borrowing costs related to an Internet Protocol Television ("IPTV") solution project on which its Canadian Cable services segment had worked. As a result of the unexpected performance issues encountered with the platform, it had to be abandoned by Cogeco Cable Canada. At May 31, 2014, these costs were not yet depreciated.

8. FINANCIAL EXPENSE

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Interest on long-term debt	**31,817**	35,810	**95,582**	79,700
Net foreign exchange losses (gains)	**(351)**	186	**(418)**	924
Amortization of deferred transaction costs	**425**	(197)	**1,272**	874
Capitalized borrowing costs[(1)]	**(867)**	(995)	**(2,232)**	(2,792)
Other	**1,014**	342	**3,301**	1,362
	32,038	35,146	**97,505**	80,068

(1) For the three and nine-month periods ended May 31, 2014, the weighted average interest rate used for the capitalization of borrowing costs was 4.5% (6% in 2013).

9. INCOME TAXES

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Current	**22,162**	25,789	**68,932**	73,907
Deferred	**(13,361)**	(7,378)	**(32,020)**	(22,292)
	8,801	18,411	**36,912**	51,615

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

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Profit before income taxes	**44,315**	66,490	**182,505**	192,640
Combined Canadian income tax rate	**25.80%**	25.46%	**26.61%**	26.59%
Income tax expense at combined income tax rate	**11,433**	16,933	**48,564**	51,214
Adjustment for losses or profit subject to lower or higher tax rates	**1,726**	3,191	**1,770**	2,798
Income taxes arising from non-deductible expenses	**1,358**	812	**85**	5,229
Tax impacts related to investments in foreign operations	**(4,928)**	(3,501)	**(13,445)**	(6,908)
Changes in valuation allowance	**—**	(961)	**—**	(2,203)
Other	**(788)**	1,937	**(62)**	1,485
Income tax expense	**8,801**	18,411	**36,912**	51,615

10. EARNINGS PER SHARE

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

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Profit for the period attributable to owners of the Corporation	**35,514**	47,877	**145,593**	141,025
Weighted average number of multiple and subordinate voting shares outstanding	**48,767,121**	48,632,635	**48,720,853**	48,643,069
Effect of dilutive stock options[(1)]	**227,844**	155,767	**179,779**	128,409
Effect of dilutive incentive share units	**268,452**	201,205	**261,397**	180,234
Weighted average number of diluted multiple and subordinate voting shares outstanding	**49,263,417**	48,989,607	**49,162,029**	48,951,712
Earnings per share				
Basic	**0.73**	0.98	**2.99**	2.90
Diluted	**0.72**	0.98	**2.96**	2.88

(1) For the three and nine-month periods ended May 31, 2013, 157,470 and 161,860 stock options respectively were excluded from the calculation of diluted earnings per share as the exercise price was greater than the average share price of the subordinate voting shares.

11. LONG-TERM DEBT

	Maturity	Interest rate	May 31, 2014	August 31, 2013
		%	$	$
Parent Corporation				
Term Revolving Facility [a]				
Canadian Revolving Facility				
Revolving loan – US$244.5 million (US$206 million at August 31, 2013)	January 2019	1.85 [1][2]	**265,087**	216,918
Revolving loans	January 2019	2.89 [1]	**104,801**	219,561
Revolving loan – £56 million	January 2019	2.19 [1]	**101,769**	—
Secured Credit Facilities [a]				
Revolving Facility				
Revolving loan – £52.2 million at August 31, 2013	—	—	**—**	85,180
Revolving loan – US$21.9 million at August 31, 2013	—	—	**—**	23,061
UK Revolving Facility – £3.4 million at August 31, 2013	—	—	**—**	5,548
Senior Secured Notes				
Series A – US$190 million	October 2015	7.00 [3]	**205,528**	199,349
Series B	October 2018	7.60	**54,715**	54,672
Senior Secured Notes - US$215 million	June 2025	4.30	**231,656**	224,872
Senior Secured Debentures Series 2	November 2020	5.15	**198,801**	198,686
Senior Secured Debentures Series 3	February 2022	4.93	**198,497**	198,379
Senior Secured Debentures Series 4	May 2023	4.18	**297,180**	296,989
Senior Unsecured Debenture	March 2018	5.94	**99,856**	99,829
Senior Unsecured Notes – US$400 million	May 2020	4.88	**426,886**	413,674
Subsidiaries				
First Lien Credit Facilities				
Term Loan A Facility – US$184 million (US$190 million at August 31, 2013)	November 2017	2.28 [1]	**195,522**	195,193
Term Loan B Facility – US$413.7 million (US$416.85 million at August 31, 2013)	November 2019	3.25 [1]	**434,434**	423,528
Revolving Facility – US$33 million at August 31, 2013	November 2017	— [1]	**—**	34,749
Term Revolving Facility [a]				
UK Revolving Facility – £2.3 million	January 2019	2.20 [1]	**4,180**	—
Finance leases	January 2015	3.27 [4]	**1,142**	2,077
			2,820,054	2,892,265
Less current portion			**24,968**	15,190
			2,795,086	2,877,075

(1) Interest rate on debt includes applicable margin.

(2) Interest rate swap agreements have resulted in an effective interest rate of 2.10% at May 31, 2014 on a notional amount of US$200 million, including applicable margin.

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

(4) Weighted average interest rate on finance leases.

a) On November 22, 2013, the Corporation amended and restated its Term Revolving Facility of $800 million with a syndicate of lenders. The maturity was extended until January 22, 2019 and can be further extended annually. The amendments also reduced the margin for the calculation of the interest rate and reduced restrictions on certain covenants. The amended and restated Term Revolving Facility also replaced Cogeco Cable's Secured Credit Facilities coming to maturity on January 27, 2017 which was fully repaid on November 22, 2013. This amended and restated Term Revolving Facility is comprised of two tranches: a first tranche, a Canadian tranche, amounting to $788 million and the second tranche, a UK tranche, amounting to $12 million. Both Cogeco Cable and Peer 1 (UK) Ltd. can borrow under the UK tranche. The Canadian tranche is available in Canadian dollars, US dollars, Euros and British Pounds and interest rates are based on banker's acceptance, US dollar base rate loans, LIBOR loans in US dollars, Euros or British Pounds, plus the applicable margin. The UK tranche is available in British Pounds and interest rates are based on British Pounds base rate loans and British Pounds LIBOR loans. The Term Revolving Facility is indirectly secured by first priority fixed and floating charges and a security interest on substantially all present and future real and personal properties and undertaking of every nature and kind of the Corporation and certain of its subsidiaries, and provides for certain permitted encumbrances, including purchased money obligations, existing funded obligations and charges granted by any subsidiary prior to the date when it becomes a subsidiary, subject to a maximum amount. The provisions under this facility provide for restrictions on the operations and activities of the Corporation. Generally, the most significant restrictions relate to permitted investments and dividends on multiple and subordinate voting shares, as well as incurrence and maintenance of certain financial ratios primarily linked to operating income before amortization, financial expense and total indebtedness.

12. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

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

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

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	May 31, 2014	August 31, 2013
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
33,367,186 subordinate voting shares (33,205,623 at August 31, 2013)	**909,678**	903,167
	1,008,024	1,001,513
270,953 subordinate voting shares held in trust under the Incentive Share Unit Plan (206,708 at August 31, 2013)	**(12,657)**	(8,840)
	995,367	992,673

During the first nine months of fiscal 2014, subordinate voting share transactions were as follows:

	Number of shares	**Amount**
		$
Balance at August 31, 2013	**33,205,623**	**903,167**
Shares issued for cash under the Stock Option Plan	**161,563**	**4,981**
Compensation expense previously recorded in share-based compensation reserve for options exercised	**—**	**1,530**
Balance at May 31, 2014	**33,367,186**	**909,678**

During the first nine months of fiscal 2014, subordinate voting shares held in trust under the Incentive Share Unit Plan transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2013	**206,708**	**8,840**
Subordinate voting shares acquired	**137,416**	**6,934**
Subordinate voting shares distributed to employees	**(73,171)**	**(3,117)**
Balance at May 31, 2014	**270,953**	**12,657**

C) DIVIDENDS

For the nine-month period ended May 31, 2014, quarterly dividends of $0.30 per share, for a total of $0.90 per share, were paid to the holders of multiple and subordinate voting shares, totaling $43.9 million, compared to quarterly dividends of $0.26 per share, for a total of $0.78 per share or $37.9 million for the nine-month period ended May 31, 2013.

D) SHARE-BASED PAYMENTS PLANS

The Corporation offers to certain of its executives a Stock Option Plan, which is described in the Corporation's annual consolidated financial statements. For the nine-month period ended May 31, 2014, the Corporation granted 311,650 stock options (207,142 in 2013) with an exercise price of $50.10 to $58.12 ($38.08 to $45.60 in 2013) of which 84,250 stock options (71,233 in 2013) were granted to COGECO Inc.'s senior executives who are also executives of Cogeco Cable. These options vest equally over a period of five years beginning one year after the day such options are granted and are exercisable over ten years. During the three and nine-month periods ended May 31, 2014, the Corporation charged COGECO Inc. amounts of $124,000 and $286,000 ($99,000 and $275,000 in 2013) with respect to the Corporation's options granted to COGECO Inc.'s senior executives. As a result, a compensation expense of $177,000 and $534,000 ($101,000 and $274,000 in 2013) was recorded for the three and nine-month periods ended May 31, 2014.

The weighted average fair value of stock options granted for the nine-month period ended May 31, 2014 was $10.56 ($7.77 in 2013) per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining stock-based compensation expense using the Black-Scholes option pricing model based on the following assumptions:

	2014	2013
	%	%
Expected dividend yield	**2.05**	2.60
Expected volatility	**24.87**	26.59
Risk-free interest rate	**1.87**	1.49
Expected life in years	**6.3**	6.2

Under the Stock Option Plan, the following options were granted by the Corporation and are outstanding at May 31, 2014:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2013	**725,093**	**37.14**
Granted	**311,650**	**50.12**
Exercised[(1)]	**(161,563)**	**30.83**
Cancelled	**(77,824)**	**45.29**
Balance at May 31, 2014	**797,356**	**42.71**
Exercisable at May 31, 2014	**297,899**	**36.83**

(1) The weighted average share price for options exercised during the period was $51.91.

The Corporation also offers to certain of its executives and designated employee Incentive Share Unit Plan ("ISU Plan"), which is described in the Corporation's annual consolidated financial statements. For the nine-month period ended May 31, 2014, the Corporation granted 137,071 (103,947 in 2013) incentive share units ("ISUs") of which 12,550 (12,280 in 2013) ISUs were granted to COGECO Inc.'s senior executives who are also executives of Cogeco Cable. The Corporation establishes the value of the compensation related to the ISUs granted based on the fair value of the Corporation's subordinate voting shares at the date of grant and a compensation expense is recognized over the vesting period, which is three years less one day. A trust was created for the purpose of purchasing these shares on the stock market in order to protect against stock price fluctuation. The Corporation instructed the trustee to purchase 137,416 (101,047 in 2013) subordinate voting shares of the Corporation on the stock market. These shares were purchased for cash consideration aggregating $6,934,000 ($4,076,000 in 2013) and are held in trust for the participants until they are fully vested. The trust, considered as a special purpose entity, is consolidated in the Corporation's financial statements with the value of the acquired shares presented as subordinate voting shares held in trust under the ISU Plan in reduction of share capital. A compensation expense of $1,208,000 and $3,058,000 ($523,000 and $1,466,000 in 2013) was recorded for the three and nine-month periods ended May 31, 2014 related to this plan. During the three and nine-month periods ended May 31, 2014, the Corporation charged COGECO Inc. amounts of $122,000 and $440,000 ($117,000 and $336,000 in 2013) with respect to the Corporation's ISUs granted to COGECO Inc.'s executives.

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at May 31, 2014:

Outstanding at August 31, 2013	**209,608**
Granted	**137,071**
Distributed	**(73,171)**
Cancelled	**(14,700)**
Outstanding at May 31, 2014	**258,808**

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. For the nine-month period ended May 31, 2014, the Corporation issued 7,228 deferred share units ("DSUs") (5,573 in 2013) to the participants in connection with the DSU Plan. A compensation expense of $384,000 and $664,000 ($105,000 and $269,000 in 2013) was recorded for the three and nine-month periods ended May 31, 2014 for the increase in liability related to this plan.

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at May 31, 2014:

Outstanding at August 31, 2013	**23,745**
Issued	**7,228**
Dividend equivalents	**481**
Outstanding at May 31, 2014	**31,454**

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
		(restated, note 3)	(restated, note 3)
Balance at August 31, 2012	3,105	—	3,105
Other comprehensive income (loss)	(725)	11,970	11,245
Balance at May 31, 2013	2,380	11,970	14,350
Balance at August 31, 2013	**2,608**	**16,494**	**19,102**
Other comprehensive income (loss)	**(724)**	**9,853**	**9,129**
Balance at May 31, 2014	**1,884**	**26,347**	**28,231**

14. STATEMENTS OF CASH FLOWS

CHANGES IN NON-CASH OPERATING ACTIVITIES

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Trade and other receivables	**2,393**	6,332	**(8,907)**	650
Prepaid expenses and other	**272**	(370)	**(3,570)**	954
Trade and other payables	**10,161**	(11,180)	**(72,000)**	(87,654)
Provisions	**(768)**	122	**2,938**	(960)
Deferred and prepaid revenue and other liabilities	**3,339**	2,570	**4,151**	8,302
	15,397	(2,526)	**(77,388)**	(78,708)

15. EMPLOYEE BENEFITS

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

The total expense related to these plans is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
		(restated, note 2)		(restated, note 2)
Recognized in:				
Operating expenses				
Salaries, employee benefits and outsourced services				
Current service costs	**2,100**	1,968	**7,765**	6,133
Past service costs	**—**	—	**555**	—
Financial expense				
Other	**67**	114	**217**	342
	2,167	2,082	**8,537**	6,475

16. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

Management's objectives are to protect Cogeco Cable Inc. and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate and foreign exchange risks.

Credit risk

Credit risk represents the risk of financial loss for the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the statement of financial position.

Credit risk from derivative financial instruments arises from the possibility that counterparties to the cross-currency swaps and interest rate swaps may default on their obligations in instances where these agreements have positive fair values for the Corporation. The Corporation reduces this risk by completing transactions with financial institutions that carry a credit rating equal to or superior to its own credit rating. The Corporation assesses the creditworthiness of the counterparties in order to minimize the risk of counterparties default under the agreements. At May 31, 2014, management believes that the credit risk relating to its derivative financial instruments is minimal, since the

lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P") and "AA (low)" by Dominion Bond Rating Services ("DBRS").

Cash and cash equivalents consist mainly of highly liquid money market short-term investments. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, for which management believes the risk of loss to be remote. At May 31, 2014, management believes that the credit risk relating to its short-term investments is minimal, since the credit rating related to such investment is "A-1+" by S&P.

The Corporation is also exposed to credit risk in relation to its trade accounts receivable. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. At May 31, 2014 and August 31, 2013, no customer balance represented a significant portion of the Corporation's consolidated trade accounts receivable. The Corporation establishes an allowance for doubtful accounts based on specific credit risk of its customers by examining such factors as the number of overdue days of the customer's balance outstanding as well as the customer's collection history. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada, in the United States and in Europe, there is no significant concentration of credit risk.

The following table provides further details on trade accounts receivable, net of allowance for doubtful accounts:

	May 31, 2014	August 31, 2013
	$	$
Trade accounts receivable	**92,562**	82,292
Allowance for doubtful accounts	**(6,062)**	(3,322)
	86,500	78,970
Other accounts receivable	**9,236**	8,015
	95,736	86,985

Trade accounts receivable past due is defined as amount outstanding beyond normal credit terms and conditions for the respective customers. A large portion of the Corporation's customers are billed and pay before their services are rendered. The Corporation considers amount outstanding at the due date as trade accounts receivable past due. The following table provides further details on trade accounts receivable past due net of allowance for doubtful accounts at May 31, 2014 and August 31, 2013:

	May 31, 2014	August 31, 2013
	$	$
Less than 60 days overdue	**31,976**	29,546
60 to 90 days overdue	**2,467**	1,626
More than 90 days overdue	**4,863**	1,732
	39,306	32,904

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk through the management of its capital structure and access to different capital markets. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure sufficient liquidity to meet its obligations when due. At May 31, 2014, the available amount under the Corporation's Term Revolving Facility was $323.8 million. Management believes that the committed Term Revolving Facility will, until its maturity in January 2019, provide sufficient liquidity to manage its long-term debt maturities and support working capital requirements. Two subsidiaries of the Corporation also benefit from a Revolving Facility of US$100 million related to its acquisition of Atlantic Broadband, of which US$99 million ($107.3 million) was available at May 31, 2014.

The following table summarizes the contractual maturities of the financial liabilities and related capital amounts:

		Contractual cash flows						
	Carrying amount $	2014 $	2015 $	2016 $	2017 $	2018 $	Thereafter $	Total $
Bank indebtedness	**9,440**	**9,440**	**—**	**—**	**—**	**—**	**—**	**9,440**
Trade and other payables[1]	**158,223**	**158,223**	**—**	**—**	**—**	**—**	**—**	**158,223**
Long-term debt[2]	**2,818,912**	**4,391**	**27,322**	**240,475**	**35,779**	**216,878**	**2,326,999**	**2,851,844**
Derivative financial instruments	**(6,157)**	**—**	**—**	**(4,123)**	**—**	**—**	**—**	**(4,123)**
Finance leases[3]	**1,142**	**343**	**815**	**—**	**—**	**—**	**—**	**1,158**
	2,981,560	**172,397**	**28,137**	**236,352**	**35,779**	**216,878**	**2,326,999**	**3,016,542**

(1) Excluding accrued interest.
(2) Principal excluding finance leases.
(3) Including interest.

The following table is a summary of interest payable on long-term debt (excluding interest on finance leases) that is due for each of the next five years and thereafter, based on the principal amount and interest rate prevailing on the outstanding debt at May 31, 2014 and their respective maturities:

	2014 $	2015 $	2016 $	2017 $	2018 $	Thereafter $	Total $
Interest payments on long-term debt	**17,408**	**117,857**	**109,794**	**101,636**	**98,918**	**258,974**	**704,587**
Interest receipts on derivative financial instruments	**(81)**	**(14,718)**	**(7,210)**	**—**	**—**	**—**	**(22,009)**
Interest payments on derivative financial instruments	**215**	**15,401**	**7,307**	**—**	**—**	**—**	**22,923**
	17,542	**118,540**	**109,891**	**101,636**	**98,918**	**258,974**	**705,501**

Interest rate risk

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At May 31, 2014, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation has entered on July 22, 2013 into interest rate swap agreements to fix the interest rate of $US200 million of its LIBOR based loans. These agreements have the effect of converting the floating US LIBOR base rate at an average fixed rate of 0.39625% under the Term Revolving Facility until July 25, 2015. The Corporation has elected to apply hedge accounting on these derivative financial instruments. The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to these facilities is approximately $6.4 million based on the current debt at May 31, 2014.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk related to its long-term debt denominated in US dollars that is not designated as a hedge on its US dollar net investments. In order to mitigate this risk, the Corporation has established guidelines whereby cross-currency swap agreements can be used to fix the exchange rates applicable to its US dollar denominated long-term debt. All such agreements are exclusively used for hedging purposes. Accordingly, on October 2, 2008, the Corporation entered into cross-currency swap agreements to set the liability for interest and principal payments on its US$190 million Senior Secured Notes Series A issued on October 1, 2008. These agreements have the effect of converting the US interest coupon rate of 7.00% per annum to an average Canadian dollar interest rate of 7.24% per annum. The exchange rate applicable to the principal portion of the debt has been fixed at $1.0625. The Corporation elected to apply cash flow hedge accounting on these derivative financial instruments. The impact of a 10% change in the exchange rate of the US dollar and British Pounds into Canadian dollars would change financial expense by approximately $5.8 million based on the outstanding debt at May 31, 2014.

The Corporation is also exposed to foreign exchange risk on cash and cash equivalents, trade and other receivables, bank indebtedness and trade and other payables and provisions denominated in US dollars, Euros or British Pounds. The Corporation's exposure to foreign currency risk is as follows:

	May 31, 2014			August 31, 2013		
	US	**Euro**	**British Pounds**	US	Euro	British Pounds
	$	**$**	**$**	$	$	$
Financial assets (liabilities)						
Cash and cash equivalents	**—**	**353**	**265**	7,394	1,171	257
Trade and other receivables	**2,449**	**—**	**—**	—	—	—
Bank indebtedness	**(1,164)**	**—**	**—**	—	—	—
Trade and other payables and provisions	**(4,874)**	**(7,390)**	**—**	(16,554)	(6,933)	—
	(3,589)	**(7,037)**	**265**	(9,160)	(5,762)	257

Due to their short-term nature, the risk arising from fluctuations in foreign exchange rates is usually not significant. The impact of a 10% fluctuation in the foreign exchange rates (US dollar, Euro and British Pound) would change financial expense by approximately $1 million.

Furthermore, the Corporation's investment 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 Pounds. 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. At May 31, 2014, the investments for Atlantic Broadband and Peer 1 Hosting amounted to US$1.1 billion and £62.7 million while long-term debt hedging these investments were US$859.5 million and £56.0 million.The exchange rate used to convert the US dollar currency and British Pounds currency into Canadian dollars for the statement of financial position accounts at May 31, 2014 was $1.0842 per US dollar and $1.8173 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 $26.9 million.

Fair value of financial instruments

Fair value is the amount at which willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. Fair values are estimated at a specific point in time, by discounting expected cash flows at rates for debts of the same remaining maturities and conditions. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. In addition, income taxes and other expenses that would be incurred on disposition of these financial instruments are not reflected in the fair values. As a result, the fair values are not necessarily the net amounts that would be realized if these instruments were settled. The Corporation has determined the fair value of its financial instruments as follows:

a) The carrying amount of cash and cash equivalents, trade and other receivables, bank indebtedness and trade and other payables approximates fair value because of the short-term nature of these instruments.

b) Interest rates under the terms of the Corporation's Term Revolving Facility and First Lien Facilities are based on Bankers' acceptance, LIBOR, EURIBOR, bank prime rate loan or US or British Pounds base rate loan plus applicable margin. Therefore, the carrying value approximates fair value for these facilities, since they have conditions similar to those currently available to the Corporation.

c) The fair value of the Senior Secured Debentures Series 2, 3 and 4, Senior Secured Notes Series A and B, Senior Secured Notes, Senior Unsecured Notes and Senior Unsecured Debenture are based upon current trading values for similar financial instruments.

d) The fair values of finance leases are not significantly different from their carrying amounts.

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

	May 31, 2014		August 31, 2013	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Long-term debt	**2,820,054**	**2,943,144**	2,892,265	2,932,422

All financial instruments recognized at fair value on the 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 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.

B) CAPITAL MANAGEMENT

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including growth opportunities. The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debts using cash generated by operations and the level of distribution to shareholders.

The capital structure of the Corporation is composed of shareholders' equity, cash and cash equivalents, bank indebtedness, long-term debt, and assets or liabilities related to derivative financial instruments.

The provisions of financing agreements provide for restrictions on the activities of the Corporation. Generally, the most significant restrictions relate to permitted investments and dividends on multiple and subordinate voting shares, as well as the maintenance of certain financial ratios primarily linked to the operating income before depreciation and amortization, financial expense and total indebtedness. At May 31, 2014 and August 31, 2013 the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

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

	May 31, 2014	August 31, 2013
Net senior indebtedness[1][2] / operating income before depreciation and amortization[3]	**2.3**	2.6
Net indebtedness[2][4] / operating income before depreciation and amortization[3]	**3.1**	3.4
Operating income before depreciation and amortization[3] / financial expense[3]	**6.5**	6.2

(1) Net senior indebtedness is defined as the total of bank indebtedness, principal on long-term debt and obligations under 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 operating income before depreciation and amortization and financial expense for the twelve-month period ended May 31, 2014 and August 31, 2013 excluding Atlantic Broadband and other non-significant unrestricted subsidiaries and including Peer 1 Hosting results for the twelve-month period ended May 31, 2014 and seven-month period ended August 31, 2013.
(4) Net indebtedness is defined as the total of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments, less cash and cash equivalents.

17. SUBSEQUENT EVENT

On June 30, 2014, Cogeco Cable's subsidiary, Atlantic Broadband, amended its First Lien Credit Facilities. Pursuant to the amendment, US $15 million of the Term Loan A Facility was converted into the Revolving Facility. In addition, the Revolving Facility was increased by US$35 million of which the proceeds were used to reimburse a portion of the Term Loan B. Giving effect to this amendment, the combined amounts borrowed under the Term Loan A, Term Loan B and the Revolving Facility have not changed. All other terms and conditions related to covenants, interest rates and maturity remained the same. In connection with the amendment, transaction costs of US$0.4 million were incurred.

CUSTOMER STATISTICS

	May 31, 2014	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013
Primary service units[1]	**2,452,118**	**2,454,627**	**2,464,932**	2,467,657	2,481,017
CANADA	**1,956,444**	**1,962,077**	**1,975,502**	1,980,122	1,992,143
UNITED STATES	**495,674**	**492,550**	**489,430**	487,535	488,874
Television service customers	**1,034,991**	**1,044,611**	**1,057,859**	1,066,952	1,079,285
CANADA	**807,831**	**815,852**	**827,649**	834,771	845,344
Penetration as a percentage of homes passed	**47.9%**	**48.5%**	**49.3%**	49.9%	50.7%
UNITED STATES	**227,160**	**228,759**	**230,210**	232,181	233,941
Penetration as a percentage of homes passed	**43.8%**	**44.2%**	**44.5%**	44.9%	45.3%
High Speed Internet service customers	**865,597**	**857,786**	**848,897**	838,445	837,348
CANADA	**676,802**	**672,981**	**668,257**	661,337	661,178
Penetration as a percentage of homes passed	**40.2%**	**40.0%**	**39.8%**	39.5%	39.7%
UNITED STATES	**188,795**	**184,805**	**180,640**	177,108	176,170
Penetration as a percentage of homes passed	**36.4%**	**35.7%**	**34.9%**	34.3%	34.1%
Telephony service customers	**551,530**	**552,230**	**558,176**	562,260	564,384
CANADA	**471,811**	**473,244**	**479,596**	484,014	485,621
Penetration as a percentage of homes passed	**28.0%**	**28.1%**	**28.6%**	28.9%	29.1%
UNITED STATES	**79,719**	**78,986**	**78,580**	78,246	78,763
Penetration as a percentage of homes passed	**15.4%**	**15.3%**	**15.2%**	15.1%	15.2%

(1) Represents the sum of Television, High Speed Internet (“HSI”) and Telephony service customer.