



PRESS RELEASE
For immediate release

**COGECO CABLE
ANNOUNCES ITS FINANCIAL RESULTS FOR THE THIRD QUARTER
OF FISCAL YEAR 2002**

Montreal, July 2, 2002 - Cogeco Cable Inc. announced today its financial results for the third quarter of fiscal year 2002.

OPERATING RESULTS

Financial highlights for the three months and nine months ended May 31 are:

	THREE MONTHS ENDED MAY 31			NINE MONTHS ENDED MAY 31		
	(unaudited)			(unaudited)		
	(\$000s except ARPU, percentages and net earnings per share)					
	<u>2002</u>	<u>2001</u>	<u>% Change</u>	<u>2002</u>	<u>2001</u>	<u>% Change</u>
Revenue	\$111,009	\$116,073	(4.4)	\$335,806	\$328,549	2.2
ARPU ⁽¹⁾	43.54	43.06	1.1	43.26	42.01	3.0
Operating income ⁽²⁾	41,797	43,216	(3.3)	124,497	118,078	5.4
Operating margin	37.7%	37.2%		37.1%	35.9%	
Depreciation & amortization	23,888	23,429	2.0	69,793	67,204	3.9
Financial expense	14,916	14,058	6.1	44,395	40,233	10.3
Net income						
Basic	\$ 2,017	\$ 2,270		\$ 1,324	\$ 2,369	
Excluding unusual items	2,017	2,270		4,736	2,369	
Net Earnings per share						
Basic	\$ 0.05	\$ 0.06		\$ 0.03	\$ 0.06	
Excluding unusual items	0.05	0.06		0.12	0.06	

⁽¹⁾ Average monthly revenue per basic service customer.

⁽²⁾ Before depreciation and amortization and unusual items.

Consolidated revenue decreased by \$5.1 million or 4.4% in the third quarter and increased by \$7.3 million or 2.2% in the first nine-month period of fiscal 2002 compared to the same periods last year. However, revenue and operating income before depreciation and amortization were overstated by \$2.3 million in the third quarter of fiscal year 2001, as a result of difficulties encountered with the interface between an updated version of the billing system, introduced during the third quarter of fiscal year 2001, and the accounting software ("Interface Problem"). This Interface Problem did not cause any billing errors to Cogeco Cable's clientele. The Interface Problem was corrected in the fourth quarter of fiscal 2001 and as a result revenue is not overstated for fiscal year 2001. Excluding the Interface Problem, revenue decreased by 2.4% or \$2.7 million during the third quarter of fiscal year 2002 compared to the same period last year. The decrease was mainly attributable to the loss of basic and extended tier service customers even though there were solid increases in the numbers of high-speed Internet and digital customers. Since November 2001, to maintain its competitive advantage, the Corporation offered its new high-speed Internet customers monthly promotional rebates of \$20.00 off the regular price for the service for a period of up to six months. For the nine-month period ended May 31, 2002, organic growth was essentially flat, however revenue has increased by \$9.6 million (excluding the Interface Problem) as a result of the full year impact of cable systems acquired during 2001.

Operating income before depreciation and amortization decreased by 3.3% for the third quarter and increased by 5.4% for the first nine months of fiscal 2002 compared to the same periods last year. Excluding the Interface Problem, there was a 2.2% growth during the third quarter as compared to the same period last year. Cogeco Cable's focus on improving operating margin before depreciation and amortization resulted in the margin increasing from 37.2% (36.0% excluding the Interface Problem) in the third quarter of fiscal 2001 to 37.7% in the third quarter of fiscal 2002, and from 35.9% (35.5% excluding the Interface Problem) in the first nine-month period of fiscal 2001 to 37.1% in the first nine-month period of fiscal 2002. The improved margin is attributable to a cost reduction plan implemented at the end of the second quarter of fiscal 2001 and rate increases implemented in the second semester of fiscal 2001.

Depreciation and amortization increased by 2.0% while financial expense rose by 6.1% during the third quarter of fiscal 2002 compared to the same period last year. Depreciation and amortization increased by 3.9% and financial expense rose by 10.3% for the first nine-month period of fiscal 2002. The increase in depreciation resulted from the cable system modernization program, capital expenditures related to high-speed Internet access and digital services, and a full year impact of cable systems acquired during 2001. As a result of the adoption by the Corporation of the new accounting requirements of the Canadian Institute of Chartered Accountants, customer base ceased to be amortized effective September 1, 2001. Amortization of customer base amounted to \$2.4 million (\$2.1 million after income taxes) and \$6.8 million (\$6.0 million after income taxes) in the third quarter and first nine months of fiscal 2001 respectively. Financial expense has increased as a result of cable systems acquired during 2001, the higher average interest rate on Senior Secured Notes issued last November 1st and the sum of capital expenditures and deferred charges exceeding internally generated cash flow from recurring operations.

A charge of \$4.9 million was recorded as an unusual item in the first quarter of fiscal 2002 as a result of staffing reduction. For the first nine-month period of fiscal 2001, there was no unusual item.

Net income for the third quarter of fiscal 2002 amounted to \$2.0 million, or \$0.05 per share, compared to net income of \$2.3 million, or \$0.06 per share (excluding the Interface Problem, net income was \$1.3 million or \$0.03 per share), for the same period last year. Net income for the first nine-month period of fiscal 2002, excluding unusual items, amounted to \$4.7 million or \$0.12 per share compared to a net income, excluding unusual items, of \$2.4 million or \$0.06 per share (excluding the Interface Problem, net income was \$1.4 million or \$0.04 per share) for the same period last year. Net income for the first nine-month period of fiscal 2002 amounted to \$1.3 million, or \$0.03 per share, compared to a net income of \$2.4 million or \$0.06 per share (excluding the Interface Problem, net income was \$1.4 million or \$0.04 per share), for the same period last year.

CASH FLOW AND CAPITAL RESOURCES

For the third quarter of fiscal 2002, cash flow from recurring operations was down by 5.2%, from \$28.5 million to \$27.0 million. On a per share basis, cash flow from recurring operations decreased from \$0.72 to \$0.68. Excluding the Interface Problem, cash flow from recurring operations for the third quarter of fiscal 2001, was \$26.2 million or \$0.66 per share. Consequently, cash flow from recurring operations has increased by 3% for the third quarter of fiscal 2002 compared to the same period last year. For the first nine-month period of fiscal 2002, cash flow from recurring operations was up by 0.3%, from \$79.4 million to \$79.6 million. On a per share basis, cash flow from recurring operations decreased from \$2.07 to \$2.00. Excluding the Interface Problem of the third quarter of fiscal 2001, cash flow from recurring operations was \$77.1 million or \$2.01 per share. Consequently, cash flow from recurring operations increased by 3.3% for the nine-month period of 2002 compared to the same period last year. The decline in the per share cash flow mainly results from an increase of 4% in the weighted average number of shares outstanding in the first nine-month period of fiscal 2002 resulting from shares issued pursuant to the Corporation's stock option plan and 2001 cable system acquisitions.

For the third quarter of fiscal 2002, capital expenditures declined by 15.0% from \$31.4 million to \$26.7 million, and such expenditures were financed by cash flow from recurring operations. In addition, deferred charges, mostly related to digital terminal sale subsidies, to the issuance of two Senior Secured Notes and to costs from the introduction of new digital services, increased from \$0.2 million to \$7.4 million. For the first nine-month period of fiscal 2002, capital expenditures and deferred charges decreased from \$133.3 million to \$113.5 million.

On November 1, 2001, Cogeco Cable completed, pursuant to a private placement, two Senior Secured Note issues for net proceeds of approximately CDN \$410 million, after underwriters' fee and other expenses, which was applied to reduce Cogeco Cable's bank debt.

RISK FACTORS AND UNCERTAINTIES

There have been no material changes in the uncertainties and main risk factors facing Cogeco Cable since the year ended August 31, 2001, except for resolution of the risk factor attributable to Excite@Home. On November 16, 2001, Cogeco Cable completed the transition of its high-speed Internet service to become a fully integrated service and ceased to do business with Excite@Home, which was in financial difficulty. Uncertainties and main risk factors are described in the Corporation's Annual Report.

CUSTOMER STATISTICS

The number of basic service customers has decreased by 11,237, which represents approximately 1.3% of the total customer base, since February 28, 2002. By the end of the third quarter of fiscal 2002, an additional 6,724 digital terminals were put in service, thus bringing the number of terminals in service to 137,458, a 5% increase. Leveraging on this digital platform, Cogeco Cable launched during the second quarter of 2002, some 50 new digital specialty services in Ontario, which now have a penetration rate of 28% of the digital customer base as at May 31, 2002.

As at May 31, 2002, the number of customers to the high-speed Internet access service stood at 154,371, an increase of 10,899 customers or 8% during the quarter. Cogeco Cable has increased its target for high-speed Internet customers for August 31, 2002, and now expects that it will serve approximately 160,000 high-speed Internet customers by the end of fiscal 2002.

As at May 31, 2002, high-speed Internet penetration as a percentage of two-way homes passed was 16% in Ontario and 9% in Quebec (14% on a consolidated basis) and digital customer penetration as a percentage of the offered base was 16%. As at May 31, 2002, 82% of homes passed were bi-directional and digital services were offered to close to 100% of customers in Ontario and to approximately 75% in Quebec.

As at May 31, 2002, 232,596 customers had subscribed to Cogeco Cable's offering of bundled services, up from 226,745 customers as at February 28, 2002. 43% of customers subscribing to the service bundles had subscribed to the digital service.

FORWARD-LOOKING FINANCIAL EXPECTATIONS

The forward-looking statements below involve risks and uncertainties. A number of factors related to technology, markets, competition and regulation including those described in the uncertainties and main risk factors section of the Corporation's Annual report will affect future results. Therefore, actual results may be materially different from those expressed or implied by such forward-looking statements.

The Corporation's continued losses of basic and extended tier service customers during the third quarter show that many of the competitive challenges of the previous quarter persist. The losses are mainly attributable to increased direct-to-home satellite competitive pressures. Canadian satellite providers are making significant investments to build market share and the "black market" share, resulting from US and Canadian satellite signal piracy is expanding as well. As customer satisfaction and retention remain Cogeco Cable's key focus, management has made some pricing adjustments required by circumstances during the second quarter of fiscal year 2002. The Corporation has not changed its projections of second quarter of fiscal 2002, and it expects to achieve revenue growth of approximately 2%, which should be realized mainly from acquisitions completed in fiscal 2001. Internal revenue growth generated mainly from rate increases in the second semester of fiscal 2001 and growth in penetration of high-speed Internet access should essentially offset the loss of revenue related to basic and extended tier customer losses. Cogeco Cable expects that its operating margin before depreciation and amortization should further improve for the fourth quarter of fiscal 2002 as a result of an ongoing cost reduction due to process improvement plans. Cogeco Cable expects to achieve an operating margin before depreciation and amortization of approximately 38% in fiscal 2002.

Cogeco Cable is the second largest cable operator in each of Ontario and Quebec and the fourth in Canada based on the number of basic service customers it serves. Cogeco Cable provides nearly 1.1 million revenue generating units (defined as customers taking basic, digital or Internet services) to approximately 1,369,000 households passed in its service areas. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (CCA).

Certain statements in this press release may constitute forward-looking statements that involve risks and uncertainties. Future results will be affected by a number of factors with respect to technology, markets, competition and regulations including factors described in the section "Uncertainties and main risk factors" of the Corporation's Annual Report. Therefore, actual results may be materially different from those expressed or implied by such forward-looking statements.

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Conference Call: Discussion of quarterly results on July 2, 2002, at 4:30 p.m. ET
Broadcast via the Internet at www.cogeco.com

COGECO CABLE INC.

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Customer Statistics

	May 31 2002	August 31, 2001
Homes Passed		
Ontario	935,739	930,324
Quebec	432,889	428,556
	1,368,628	1,358,880
Basic Service Customers		
Ontario	602,830	622,612
Quebec	241,736	256,154
	844,566	878,766
Discretionary Service Customers - Tier 1		
Ontario	475,531	507,589
Quebec	165,253	176,437
	640,784	684,026
Discretionary Service Customers - Tier 2		
Ontario	412,956	429,043
Quebec	(1)	3,162
	412,956	432,205
Discretionary Service Customers - Tier 3		
Ontario	358,163	364,531
Quebec	2,179 (2)	2,229
	360,342	366,760
Pay-TV Service Customers		
Ontario	86,736	80,392
Quebec	28,301	28,234
	115,037	108,626
Internet Service Customers		
High-Speed Cable Modem		
Ontario	128,691	88,038
Quebec	25,680	19,900
	154,371	107,938
Digital Customers		
Ontario	82,819	65,572
Quebec	40,082	30,677
	122,901	96,249
Digital Terminals		
Ontario	95,561	74,615
Quebec	41,897	30,677
	137,458	105,292
Customers of bundled services		
Ontario	181,740	153,672
Quebec	50,856	34,254
	232,596	187,926

(1) Combined with Tier 3 since March 2002.

(2) Available to customers who have the Digital Video Service.

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

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<i>(In thousands of dollars, except per share data)</i>	Three months ended May 31		Nine months ended May 31	
	2002	2001	2002	2001
Revenue	\$ 111,009	\$ 116,073	\$ 335,806	\$ 328,549
Network fees	35,858	35,343	106,723	101,795
Other operating costs	31,152	35,212	97,870	102,164
Management fees - COGECO Inc.	2,202	2,302	6,716	6,512
Operating income before depreciation and amortization	41,797	43,216	124,497	118,078
Depreciation and amortization (note 2)	23,888	23,429	69,793	67,204
Operating income before unusual items	17,909	19,787	54,704	50,874
Unusual items (note 4)	-	-	4,925	-
Operating income	17,909	19,787	49,779	50,874
Financial expense	14,916	14,058	44,395	40,233
Income before income taxes	2,993	5,729	5,384	10,641
Income taxes				
Current	445	1,706	2,212	418
Future	531	1,753	1,848	7,854
	976	3,459	4,060	8,272
Net income	\$ 2,017	\$ 2,270	\$ 1,324	\$ 2,369
Net income excluding unusual items	2,017	2,270	4,736	2,369
Earnings per share (note 7)				
Basic	\$ 0.05	\$ 0.06	\$ 0.03	\$ 0.06
Diluted	0.05	0.06	0.03	0.06
Earnings per share excluding unusual items (note 7)				
Basic	0.05	0.06	0.12	0.06
Diluted	0.05	0.06	0.12	0.06
Weighted average number of outstanding multiple voting shares and subordinate voting shares	39,873,813	39,850,735	39,870,856	38,292,583

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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(unaudited)

	Three months ended May 31		Nine months ended May 31	
<i>(In thousands of dollars, except per share data)</i>	2002	2001	2002	2001
Cash flow from operating activities				
Net income	\$ 2,017	\$ 2,270	\$ 1,324	\$ 2,369
Unusual items net of related income taxes	-	-	3,412	-
Net income from recurring operations	2,017	2,270	4,736	2,369
Items not affecting cash and cash equivalents				
Depreciation and amortization	23,888	23,429	69,793	67,204
Amortization of long-term financing costs	402	430	1,433	1,290
Future income taxes	531	1,753	1,848	7,854
Future income taxes related to unusual items	-	-	1,513	-
Other	175	626	299	659
Cash flow from recurring operations	27,013	28,508	79,622	79,376
Change in non-cash working capital items	344	22,795	(32,675)	(28,293)
	27,357	51,303	46,947	51,083
Cash flow from investing activities				
Acquisition of fixed assets	(26,650)	(31,444)	(92,493)	(133,123)
Increase in deferred charges	(7,360)	(185)	(20,973)	(185)
Business acquisitions (note 3)	-	(16,406)	-	(82,210)
Other	191	(569)	41	373
	(33,819)	(48,604)	(113,425)	(215,145)
Cash flow from financing activities				
Increase in long-term debt	10,087	5,072	440,417	127,099
Repayment of long-term debt	(392)	(292)	(403,188)	(71,476)
Issues of subordinate voting shares	-	-	132	100,429
Subordinate voting shares issue costs	-	(44)	-	(4,300)
Purchase of subordinate voting shares for cancellation	-	-	-	(220)
Dividends on multiple voting shares	-	-	-	(471)
Dividends on subordinate voting shares	-	-	-	(631)
	9,695	4,736	37,361	150,430
Net change in cash and cash equivalents	3,233	7,435	(29,117)	(13,632)
Cash and cash equivalents at beginning	(28,973)	(17,667)	3,377	3,400
Cash and cash equivalents at end	\$ (25,740)	\$ (10,232)	\$ (25,740)	\$ (10,232)
Cash flow per share from recurring operations				
Basic	\$ 0.68	\$ 0.72	\$ 2.00	\$ 2.07
Diluted	0.68	0.71	2.00	2.07

COGECO CABLE INC.
CONSOLIDATED BALANCE SHEETS

<i>(In thousands of dollars)</i>	May 31 2002	August 31 2001
	(unaudited)	(audited)
Assets		
Fixed assets	\$ 749,707	\$ 719,919
Customer base	989,552	989,552
Deferred charges	35,094	22,721
Investments	639	639
Cash and cash equivalents	-	3,377
Accounts receivable	36,179	41,041
Prepaid expenses	5,228	7,015
	\$ 1,816,399	\$ 1,784,264
Liabilities and Shareholders' equity		
Liabilities		
Long-term debt and term facility (note 5)	\$ 833,612	\$ 805,572
Bank indebtedness	25,740	-
Deferred credit	9,450	-
Accounts payable and accrued liabilities	48,663	80,787
Deferred and prepaid income	15,450	17,413
Future income tax liabilities	169,151	167,615
	1,102,066	1,071,387
Shareholders' equity		
Capital stock (note 6)	629,026	628,894
Retained earnings	85,307	83,983
	714,333	712,877
	\$ 1,816,399	\$ 1,784,264

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

<i>(In thousands of dollars)</i>	Nine months ended May 31	
	2002	2001
Balance at beginning	\$ 83,983	\$ 83,866
Changes in accounting policies	-	(1,577)
Net income	1,324	2,369
Subordinate voting shares issue costs, net of related income taxes	-	(2,701)
Excess of price paid over the attributed value of subordinate voting shares redeemed	-	(94)
Dividends on multiple voting shares	-	(471)
Dividends on subordinate voting shares	-	(631)
Balance at end	\$ 85,307	\$ 80,761

COGECO CABLE INC.

Notes to Consolidated Financial Statements

(unaudited)

(amounts in tables are in thousands of dollars, except per share data)

1. Basis of Presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, contain all adjustments necessary to present fairly the financial position of Cogeco Cable Inc. as at May 31, 2002 and August 31, 2001 as well as its results of operations and its cash flow for the three-month and nine-month periods ended May 31, 2002 and 2001.

While management believes that the disclosures presented are adequate, these unaudited interim consolidated financial statements and notes should be read in conjunction with Cogeco Cable Inc.'s annual consolidated financial statements.

These unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for the adoption of new accounting recommendations on customer base (see note 2).

2. Accounting policies

A. Changes in accounting policies

During fiscal year 2002, the Corporation adopted prospectively the new CICA recommendations of Handbook section 3062 - Goodwill and other intangible assets. Under the new section, goodwill and intangible assets with a deemed indefinite life are no longer amortized but tested for impairment annually, or more frequently, if changes in circumstances indicate a potential impairment. As a result of adopting the new recommendations, the Corporation ceased to amortize its customer base effective September 1, 2001. Section 3062 also requires the Corporation to perform a transitional assessment of whether there is an indication that intangible assets with an indefinite useful life are impaired as at September 1, 2001. The Corporation has completed its assessment and concluded that no impairment existed as at September 1, 2001.

The following table shows the effect of applying the new recommendations on net income and basic and diluted earnings per share for the last fiscal year:

	Three months ended May 31 2001	Nine months ended May 31 2001
Net income	\$ 2,270	\$ 2,369
Amortization of customer base, net of income taxes	2,149	6,005
Adjusted net income	\$ 4,419	\$ 8,374
Earnings per share	\$ 0.06	\$ 0.06
Amortization of customer base per share, net of income taxes	0.06	0.16
Adjusted earnings per share basic and diluted	\$ 0.12	\$ 0.22

B. Foreign currency translation

Assets and liabilities denominated in foreign currency are translated in Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at transaction date for non-monetary items. Income and expenses are translated at average rates prevailing during the period. Exchange gains and losses on translation of long term debt are deferred and amortized over the remaining lives of the related items and are included in deferred charges or deferred credits. Unrealized gains and losses on currency swaps, all of which are used to hedge foreign currency debt obligations, are recorded concurrently with the unrealized gains and losses on the debt obligations being hedged. Other gains and losses are included in net income.

COGECO CABLE INC.**Notes to Consolidated Financial Statements**

(unaudited)

*(amounts in tables are in thousands of dollars, except per share data)***2. Accounting policies (cont'd)****C. Derivative financial instruments**

The Corporation uses a currency swap agreement as a derivative financial instrument to manage risks from fluctuations in exchange rates. The instrument is only used for risk management purposes. The Corporation accounts for the financial instrument under the accrual method, as a hedge and accordingly, the carrying value of the financial instrument is not adjusted to reflect its current market value. Net receipts or payments arising from the derivative instrument is recognized in financial expense.

3. Acquisitions of businesses

As at May 31, 2001, the Corporation had completed the following transactions:

- a) In September 2000, the acquisition of all the outstanding shares of Câblo Distribution G inc., Télécâble Provincial inc. and Lindsay CATV System Limited.
- b) In November 2000, the acquisition of all the outstanding shares of Cablevue (Quinte) Limited and related companies and of Médiacâble inc.
- c) In January 2001, the acquisition of all the outstanding shares of Harrowby Communications Inc. and related companies.
- d) In February 2001, the acquisition of all the outstanding shares of Muskoka Cable Systems Limited and related companies and of Huntsville Cable Services Limited and Décibel inc.

The net assets acquired and consideration paid for these transactions are as follows:

	Three months ended May 31 2001	Nine months ended May 31 2001
Assets acquired		
Working capital deficiency	\$ (1,051)	\$ (5,643)
Fixed assets	-	39,127
Deferred charges	20	286
Customer base	60,989	229,788
	60,958	263,558
Assumed liabilities		
Future income taxes	35,154	36,043
Long term debt	(13)	12
	35,141	36,055
Net assets acquired	25,817	227,503
Paid in subordinate voting shares	9,411	145,293
Paid in cash	\$ 16,406	\$ 82,210

COGECO CABLE INC.**Notes to Consolidated Financial Statements**

(unaudited)

*(amounts in tables are in thousands of dollars, except per share data)***4. Unusual items**

During fiscal year 2002, the Corporation pursued its staffing reduction program. As a result, a charge of \$4,925,000 has been recorded as an unusual item for the payment of employee severances. As at May 31, 2001, there were no unusual items.

5. Long-term debt and term facility

	Maturity	Interest rate	May 31 2002 (unaudited)	August 31 2001 (audited)
Parent company				
Term facility	2007	3.19 % ⁽¹⁾	\$ 144,000	\$ 518,000
Senior Secured Debentures, Series 1	2009	6.75	150,000	150,000
Senior – Secured Notes				
Series A – US \$150 million	2008	6.83	229,200	-
Series B	2011	7.73	175,000	-
Second Secured Debentures, Series A	2007	8.44	125,000	125,000
Subsidiaries				
Obligations under capital leases	2005	5.75 – 13.45	2,055	4,485
Preferred shares ⁽²⁾	2006	-	7,120	7,120
Other	-	-	1,237	967
			\$ 833,612	\$ 805,572

(1) Average interest rate on debt as of May 31, 2002, including stamping fees.

(2) 7,120,000 preferred shares issued, 5.5% cumulative dividend, redeemable and retractable to a maximum of \$ 1,400,000 annually beginning in 2002.

Senior Secured Notes

The Senior Secured Notes are senior secured obligations and rank equally and rateably with all existing and future senior indebtedness. The Notes are redeemable at the Corporation's option at any time, in whole or in part, prior to maturity at 100% of the principal amount plus a make-whole premium.

The Corporation has entered on November 1st, 2001 into cross-currency interest rate agreements to fix the liability for interest and principal payments on the Senior Notes US \$150 million which have an interest coupon rate of 6.83%. These agreements have resulted in an effective interest rate of 7.25% on the Canadian \$ equivalent of the US debt. The exchange rate applicable to the principal portion of the debt has been fixed at \$1.5910 Canadian.

COGECO CABLE INC.**Notes to Consolidated Financial Statements**

(unaudited)

*(amounts in tables are in thousands of dollars, except per share data)***6. Capital Stock and Stock Option Plan****Capital Stock****Authorized, an 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% per year of the redemption price.

Class B Preference shares, without voting rights, issuable in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

	May 31 2002	August 31 2001
	(unaudited)	(audited)
Issued		
15,691,100 multiple voting shares	\$ 98,346	\$ 98,346
24,182,714 subordinate voting shares	530,680	530,548
	\$ 629,026	\$ 628,894

During the period, subordinate voting share transactions were as follows:

	May 31 2002		August 31 2001	
	(unaudited)		(audited)	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning	24,176,096	\$ 530,548	17,875,383	\$ 284,952
Shares issued for cash consideration	-	-	2,500,000	100,000
Shares issued for the acquisition of cable systems (note 3)	-	-	3,785,248	145,293
Shares issued for cash under the Employee Stock Purchase Plan and the Stock Option Plan	6,618	132	21,865	429
Purchase of shares for cancellation	-	-	(6,400)	(126)
Balance at end	24,182,714	\$ 530,680	24,176,096	\$ 530,548

Stock Option Plan

As at May 31, 2002, the Corporation had outstanding stock options providing for the subscription of 199,082 subordinate voting shares. These stock options can be exercised at various prices from \$8.00 to \$40.75 and at various dates up to October 19, 2011.

COGECO CABLE INC.**Notes to Consolidated Financial Statements**

(unaudited)

*(amounts in tables are in thousands of dollars, except per share data)***7. Earnings per share**

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

	Three months ended May 31		Nine months ended May 31	
	2002	2001	2002	2001
Net income				
Basic	\$ 2,017	\$ 2,270	\$ 1,324	\$ 2,369
Excluding unusual items	2,017	2,270	4,736	2,369
Weighted average number of common shares outstanding	39,873,813	39,850,735	39,870,856	38,292,583
Effect of dilutive stock options	9,721	33,033	9,721	33,033
Weighted average number of diluted common shares outstanding	39,883,534	39,883,768	39,880,577	38,325,616
Earnings per share				
Basic	\$ 0.05	\$ 0.06	\$ 0.03	\$ 0.06
Diluted	0.05	0.06	0.03	0.06
Earnings per share excluding unusual items				
Basic	0.05	0.06	0.12	0.06
Diluted	0.05	0.06	0.12	0.06