



PRESS RELEASE
For immediate release

COGECO
ANNOUNCES ITS FINANCIAL RESULTS FOR THE FOURTH QUARTER
OF FISCAL YEAR 2002

Montreal, October 21, 2002. – COGECO Inc. announced today its financial results for the fourth quarter and the fiscal year ended August 31, 2002.

OPERATING RESULTS

Financial highlights for the three months and fiscal year ended August 31 are:

	THREE MONTHS ENDED AUGUST 31, (unaudited)			YEAR ENDED AUGUST 31, (audited)		
	2002	2001	% Change	2002	2001	% Change
(\$000s except percentage and earnings (loss) per share)						
Revenue	\$ 135,075	\$ 118,458	14.0	\$ 531,998	\$ 478,814	11.1
Operating income ⁽¹⁾	44,007	43,672	0.8	187,305	174,346	7.4
Operating margin	32.6%	36.9%		35.2%	36.4%	
Depreciation & amortization	26,228	25,629	2.3	98,263	95,006	3.4
Financial expense	15,606	13,828	12.9	60,816	55,225	10.1
Net income (loss)						
Basic	\$ (2,492)	\$ 1,930		\$ 40,417	\$ 69,357	
Excluding unusual items	1,152	10,184		11,613	16,634	
Earnings (loss) per share						
Basic	\$ (0.15)	\$ 0.12		\$ 2.49	\$ 4.28	
Excluding unusual items	0.07	0.63		0.72	1.03	

⁽¹⁾ Before depreciation and amortization and unusual items.

Consolidated revenue for the fourth quarter increased by \$16.6 million or 14.0% and by \$53.2 million or 11.1% for fiscal year 2002 compared to the same periods last year. Both the cable and media sectors contributed to the increased revenue in the fourth quarter and for fiscal year 2002.

Revenue in the cable sector increased by 1.8% in the fourth quarter of fiscal year 2002 and increased by 2.1% in fiscal 2002, compared to the same periods last year. Cogeco Cable's revenue and operating income before depreciation and amortization in the fourth quarter of fiscal 2001 were impacted by a \$2.3 million adjustment as a result of correcting the Interface, as discussed in last quarter's press release. The Interface Problem was the result of difficulties encountered with the interface between an updated version of the billing system, introduced in the third quarter of fiscal 2001, and the accounting software ("Interface Problem"). The Interface Problem did not cause any billing errors to Cogeco Cable's clientele. Excluding the Interface Problem, Cogeco Cable's revenue decreased by 0.3% or \$0.3 million during the fourth quarter of fiscal 2002 compared to the same period last year. The decrease was mainly the result of the loss of basic and extended tier service customers, despite the solid increases in the number of high-speed Internet and digital customers. Since the beginning of fiscal 2002, to maintain its competitive position, Cogeco Cable has been offering promotional rebates to its new high-speed Internet customers. These ranged from a total of \$40.00 to \$120.00 per new high-speed Internet customer during the various promotional periods compared to \$40.00 per new high-speed customer last fiscal year. During the fourth quarter of 2002, Cogeco Cable increased its tariff for the high-speed Internet by \$5.00 to \$44.95 in Ontario and Quebec. A rate increase averaging approximately \$2.50 per month for its basic service was implemented for the Quebec customer base, taking advantage of authorized rate deregulation, and reducing its sole discretionary tier by the same amount thus affecting customers subscribing to basic service only. These increases had very little impact as they were introduced late in the quarter.

As regards the media sector, revenue increased by 177.9% and 109.8% in the fourth quarter and in fiscal 2002 respectively, compared to the same periods last year. In the fourth quarter of fiscal 2002, the media sector's revenue increase mainly resulted from the recent TQS acquisition. Improved radio and television advertising sales also contributed to the increased media sector revenue. Confirmed by the spring 2002 BBM audience ratings measurements, CJMF-FM in Quebec City achieved the third place ranking, while 105.7 RYTHME FM in Montreal maintained its second place ranking among listeners in the 25-54 age group. TQS continues to obtain a remarkable market share of the 18 to 49 adult age group, claiming second place with an estimated 15.7% of the market, according to audience ratings produced by Nielsen in the spring of 2002.

Operating income before depreciation and amortization increased by 0.8% for the fourth quarter compared to the same period last year (excluding Cogeco Cable's Interface Problem there was a 4.3% decrease in the fourth quarter compared to the same period last year) and 7.4% for fiscal year 2002 compared to the same period last year. Operating margin decreased from 36.9% (38.1% excluding Cogeco Cable's Interface Problem) in the fourth quarter of fiscal 2001 to 32.6% in the fourth quarter of fiscal 2002, and from 36.4% for fiscal 2001 to 35.2% for fiscal 2002. The lower operating margin stems mainly from the media sector.

For the cable sector, operating income before depreciation and amortization increased by 3.3% for the fourth quarter and by 4.9% for fiscal 2002 compared to the same periods last year (excluding the Interface Problem, there was a 2.0% decrease during the fourth quarter of 2002 compared to the same period last year). Cogeco Cable has improved its operating margin every quarter during fiscal year 2002 from 36.3% in the first quarter of fiscal 2002 to 39.1% in the fourth quarter of fiscal 2002. Operating margin increased from 36.6% for fiscal year 2001 to 37.6% in 2002. With regard to the media segment, operating margin before depreciation and

amortization was at 19.2% in the fourth quarter of fiscal 2001 compared to a negative margin of 0.5% in the fourth quarter of fiscal 2002, and 30.8% in fiscal year 2001 compared to 19.9% in fiscal year 2002. The media sector generates typically lower revenue in the summer period, particularly the TQS network, resulting in the negative margin for the fourth quarter of fiscal 2002. For fiscal 2002, the decreased margin results mainly from the TQS acquisition.

Depreciation and amortization increased by 2.3% and financial expense by 12.9% for the fourth quarter of fiscal 2002. Depreciation and amortization increased by 3.4% (excluding amortization of customer base and broadcasting licenses in 2001, depreciation and amortization increased by 17.5% in 2002) and financial expense by 10.1% for fiscal year 2002. The increase in depreciation and amortization resulted from the cable network modernization program, from capital expenditures related to high-speed Internet access and digital services, from higher deferred charges resulting from subsidies on an increased number of digital terminals sold during fiscal 2002 and from cable system acquisitions during 2001. As a result of the adoption by the Company of the new accounting requirements of the Canadian Institute of Chartered Accountants («CICA»), broadcasting licences and customer base ceased to be amortized effective September 1, 2001. Amortization of broadcasting licences and customer base amounted to \$3.9 million (\$3.6 million after income taxes) and \$11.4 million (\$10.1 million after income taxes) in the fourth quarter and fiscal year 2001. The new accounting recommendations also require that the Company review its intangible assets for impairment as of the date of adoption of the new recommendations and at least annually in subsequent periods. Management has completed its review, which indicates that intangible assets are not impaired as at August 31, 2002. Financial expense for fiscal year 2002 has increased mainly as a result of cable systems acquired during 2001, the higher average interest rate on Senior Secured Notes issued on November 1, 2001, and the cost to finance the portion of capital expenditures and deferred charges exceeding Cash Flow ⁽¹⁾.

In the fourth quarter of fiscal 2002, unusual items amounting to \$5.6 million before income taxes stemmed primarily from the decision by the Company to write off its minority investment in Stornoway Communications because of the disappointing audience results achieved by I Channel and BPM: The Dance Channel as well as staff reduction in the Media sector. In the fourth quarter of fiscal 2001, Cogeco Cable elected to write off its IP telephony project and other assets for a total amount of \$30.5 million before income taxes. For fiscal year 2002, unusual items before income taxes stemmed from a gain on dilution on the TQS acquisition of \$34.4 million, from a charge of \$5.5 million as a result of staff reductions in both operational sectors and the write-off of the Stornoway investment for an amount of \$5.7 million. The TQS acquisition involved the transfer of COGECO's six television stations and its interest of approximately 13% in TQS to a new venture, owned 60% by COGECO and 40% by Bell Globemedia. In 2000-2001, unusual items before income taxes amounted to a net gain of \$30.3 million. A gain on dilution of \$61.1 million following the issuance of approximately 6.3 million Cogeco Cable subordinate voting shares was realized which gain was however reduced by a write off of its investment in its IP telephony project and other assets for an amount of \$30.5 million.

Net income excluding unusual items for the fourth quarter of fiscal 2002 amounted to \$1.2 million or \$0.07 per share, compared to \$10.2 million, or \$0.63 per share for the same period last year (excluding Cogeco Cable's Interface Problem, net income excluding unusual items was \$10.6 million, or \$0.66 per share in the fourth quarter of fiscal year 2001). For the year ended August 31, 2002, net income excluding unusual items was \$11.6 million, or \$0.72

⁽¹⁾ The Company defines «Cash Flow » as cash flow from operating activities before unusual items and changes in non-cash working capital items, and «Free Cash Flow» as excess of cash flow over the sum of capital expenditures and deferred charges.

per share, compared to \$16.6 million or \$1.03 per share for the same period last year. Effective September 1, 2000, the Company implemented new CICA recommendations related to income taxes that led to a decrease in future income taxes of \$24.3 million in the fourth quarter and in fiscal 2001. For the fourth quarter of fiscal 2002, there was a net loss of \$2.5 million, or \$0.15 per share, compared to net income of \$1.9 million, or \$0.12 per share for the same period last year (excluding Cogeco Cable's Interface Problem, net income was \$2.4 million, or \$0.15 per share in the fourth quarter of fiscal 2001). In fiscal 2002, net income, amounted to \$40.4 million, or \$2.49 per share compared to \$69.4 million, or \$4.28 per share in fiscal 2001.

CASH FLOW AND CAPITAL RESOURCES

For the fourth quarter of fiscal 2002, Cash Flow increased by 17.9%, from \$27.0 million to \$31.9 million. On a per share basis, Cash Flow increased by 17.4% from \$1.67 to \$1.96. Excluding Cogeco Cable's Interface Problem, Cash Flow for the fourth quarter of fiscal 2001 was \$29.4 million, or \$1.81 per share, leading to a 8.5% and 8.3% increase in Cash Flow and Cash Flow per share in the fourth quarter of fiscal 2002. For fiscal year 2002, Cash Flow reached \$125.5 million, compared to \$115.4 million, an increase of 8.8%. On a per share basis, Cash Flow amounted to \$7.73 in fiscal 2002, compared to \$7.12 in fiscal 2001, an increase of 8.6%.

For the fourth quarter of fiscal 2002, capital expenditures decreased by 1.1% from \$32.9 million to \$32.5 million, which expenditures were financed by Cash Flow and Cogeco Cable's Term Facility. In addition, deferred charges increased from \$1.3 million in the fourth quarter of fiscal 2001 to \$7.2 million for the same period in 2002. This increase results from subsidies related to digital terminal sales, from other costs incurred in order to expand customer base, from the amendment to Cogeco Cable's Term Facility as discussed below, and from the introduction of new digital services. For the year ended August 31, 2002, the sum of capital expenditures and deferred charges decreased from \$168.5 million to \$155.3 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 which were applied to reduce Cogeco Cable's bank debt.

At Cogeco Cable's request and in light of the successful completion of the private placement mentioned above, the cable sector amended its Term Facility during the fourth quarter of 2002. The changes resulted in a reduction of the total commitment from \$585 million to \$400 million. As at August 31, 2002, Cogeco Cable had utilized \$129 million of its Term Facility. The amendment also provides Cogeco Cable with greater financial flexibility, while the maturity of the facility and future reduction of commitment levels remain unchanged.

DIVIDEND DECLARATION

At its meeting of October 18, 2002, the Board of Directors of COGECO declared a quarterly dividend of \$0.0525 per share for subordinate voting shares and multiple voting shares, payable on November 15, 2002, to shareholders on record on November 1, 2002.

CABLE SECTOR CUSTOMER STATISTICS

The number of basic service customers has decreased by 8,198, which represents approximately 1.0% of the total customer base, since May 31, 2002. As of August 31, 2002, Cogeco Cable served 144,950 digital terminals, meeting its upward revised target of 145,000, which was set in the second quarter of fiscal year 2002, a 37.7% increase since August 31, 2001. Leveraging on this digital platform, Cogeco Cable's Ontario division launched some 50 new digital specialty channels in the second quarter of 2002, which now have a penetration rate of 27% of the digital customer base as at August 31, 2002. Cogeco Cable's Quebec division launched 32 new digital channels, in the spring of 2002, with a three-month free trial period offered to digital customers until the end of fiscal 2002.

As at August 31, 2002, the number of customers for the high-speed Internet service stood at 158,192 close to the 160,000 upward revised target set in the third quarter of fiscal 2002 and a 47% increase compared to the same date last year, despite a \$5.00 rate increase implemented during the summer of 2002. In addition, pending orders amounted to approximately 6,100.

As at August 31, 2002, high-speed Internet penetration as a percentage of two-way homes passed was 15% in Ontario and 9% in Quebec (13% on a consolidated basis) and digital service penetration as a percentage of the offered base was 16%. As at August 31, 2002, 86% of homes passed were bi-directional and digital services were offered to close to 100% of customers in Ontario and approximately 85% in Quebec.

As at August 31, 2002, 241,686 customers had subscribed to Cogeco Cable's offering of bundled services, up from 232,596 customers as at May 31, 2002. 44% 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. Future results will be affected by a number of factors related to technology, markets, competition and regulations including those described in the Company's annual report. Therefore, actual results may be materially different from those expressed or implied by such forward-looking statements.

Cable Sector

The loss in basic cable customers should be more modest in fiscal 2003 as Cogeco Cable will have completed its digital rollout in Quebec to 95% of homes passed by the end of November 2002 and should benefit from progressive improvement of its marketing strategy. The increased subscriptions for bundled services as well as the upcoming launch of Video-on-Demand (VOD) and Interactive Television (iTV) services will further improve customer retention and make cable services a more competitive offering as a whole. However, the strength of the competition in the regions served by Cogeco Cable could compromise the attainment of this objective. Based on current demand, Cogeco Cable forecasts that it will add 55,000 high-speed Internet customers and 25,000 digital terminals by August 31, 2003.

In fiscal 2003, Cogeco Cable expects to achieve internal revenue growth of 5%. Internal revenue growth should stem mainly from the 2002 rate increases of the high-speed Internet service and the Quebec basic service, as previously discussed, the growth in penetration of high-speed Internet and digital services, and the introduction of VOD and iTV services. Cogeco Cable is planning on a 6% increase in its operating income before depreciation and amortization

by maintaining a tight control over expenses and by continuing with its process improvement initiatives.

In fiscal 2003, Cogeco Cable expects that depreciation of fixed assets and amortization of deferred charges will increase by 12% over fiscal 2002. This growth rate should be the result of the relatively rapid depreciation of deferred charges related to customer subsidies compared to other categories of fixed assets and of the full year impact of the depreciation of fixed assets acquired during the 2002 fiscal year. The deferred charges mostly relate to digital terminal subsidies as more customers are purchasing digital terminals. In 2002-2003, Cogeco Cable's management expects that capital expenditures and deferred charges will total \$119 million entirely financed by Cash Flow. Free Cash Flow will be positive and growing thereafter.

Financial expense is expected to climb by 10% in fiscal 2003 due to the higher average interest rate on Senior Secured Notes issued on November 1, 2001 and to increases in interest rates on the Term Facility.

Media Sector

In fiscal 2003, the media sector expects to realize a 50% growth in revenue, of which 45% should be realized from the full year impact of the TQS acquisition and the balance from internal revenue growth. Operating margin before depreciation and amortization is expected to be at a 14% level, lower than the 2001-2002 figure, also attributable to the TQS acquisition. The regrouping of the media sector's television stations in Sherbrooke, Trois-Rivières and Saguenay, which have been constantly profitable over the years, with the TQS network will provide for operational synergies and steadily improve the media sector margin from 2003-2004 onward.

RISK FACTORS AND UNCERTAINTIES

The following risks and uncertainties facing the Company serve as an update to the ones described in the 2001 annual report.

COGECO Inc., a diversified communications holding company, is controlled by Mr. Henri Audet and members of his family (the "Audet Family"). The Audet Family is in a position to cause the directors of each of COGECO and Cogeco Cable to be elected or removed from office. The Audet Family is also in a position to prevent a change of control of COGECO or Cogeco Cable, even though a change of control may be considered advantageous by other shareholders of either COGECO or Cogeco Cable. The outlook of the Audet Family on the business activities and future prospects of COGECO or Cogeco Cable, and on the best strategies to further such activities and prospects, may differ from that of other shareholders. Subject to certain requirements under applicable corporate and securities law, and subject to financial covenants in effect, the Audet Family may cause COGECO or Cogeco Cable to make further issues of subordinate voting shares or issues of preference shares and thus cause a dilution of the equity position of existing shareholders of either COGECO or Cogeco Cable.

During fiscal year 2003, negotiations are expected to take place for the renewal of two collective labour agreements covering most of Cogeco Cable's employees in the Province of Quebec and Cogeco Radio-Television's employees in the Saguenay and Sherbrooke regions. Cogeco Cable and Cogeco Radio-Television consider their labour relations to be satisfactory. While Cogeco Cable and Cogeco Radio-Television do not anticipate any labour disruptions, it is not possible, at this time, to assess the impact of these negotiations on operations or future operating costs.

The broadcasting and telecommunications activities of Cogeco Cable and Cogeco Radio-Television are subject to varied and extensive regulatory requirements, mainly under the authority of federal statutes governing broadcasting, telecommunications, radiocommunication and copyright. Cogeco Cable's distribution systems and Cogeco Radio-Television's television and radio stations and networks are operated pursuant to licences issued by the CRTC, which are subject to renewals and various terms and conditions set by the regulatory agency. Regulatory policies evolve over time and may cause the competitive playing field and business prospects for individual market participants or properties to be materially different.

Cable Sector

Based on financial, market and other factors affecting the outlook for the cable industry in general and Cogeco Cable in particular, the current rating of Cogeco Cable's debt could be revised in the future by credit rating agencies from BBB- to a non-investment grade rating, thus raising the cost of future financing.

The programming services that Cogeco Cable distributes on its cable systems are increasingly controlled by large integrated communications entities. Also, the terms for the distribution of Canadian programming services are subject to a number of regulatory restrictions. This situation has caused in the past, and may continue to cause in the future, upward pressure on Cogeco Cable's network fees and lower operating margins as a result. Buy rates and related returns from the video on demand service will be influenced by the availability and cost of premium movie products yet to be licensed by a number of major film producers and distributors. Cogeco Cable is relying on Worldgate Interactive, Inc. for the interactive systems and much of the related content to be used for the deployment of its new interactive television services.

Communications technology is highly innovative and evolves very rapidly. While Cogeco Cable's plant is developed and maintained with currently available wireline technology and equipment so as to be fully competitive with systems that use different technologies, technological innovations may cause changes to occur in the competitive position of competing systems already deployed, or yet to be deployed.

Media Sector

The consolidated revenue of Cogeco Radio-Television Inc. depends on audience ratings and the market for conventional radio and television advertising expenditures in the Province of Quebec. Audience ratings may vary due to a number of factors, including on-air personalities, programming content and promotional activities. Advertising expenditures may vary due to a number of factors, including general economic and consumer retail market conditions and cycles.

Cogeco Radio-Television Inc. competes for audience and advertising revenue with other integrated broadcasting groups in the French-language market in Quebec. Although TQS has managed to increase its audience and market share in the last fiscal year, general interest network television continues to experience audience fragmentation from specialty television services, home video and other new media. Continued lack of satellite distribution causes further audience erosion for its local television stations. The broadcasting subsidiary was recently awarded by the CRTC a much coveted new license for the RYTHME FM station to broadcast in the Quebec City market. The Company expects the new stations to begin

broadcasting in early September 2003. Plans to compete more effectively with the Astral radio networks through a new commercial radio network with full coverage over the French-language market in Quebec depend on the licensing of additional FM stations by the CRTC. CRTC decisions on the granting of licenses for RYTHME FM to broadcast in Trois-Rivières, Sherbrooke and Saguenay are still pending.

COGECO is active in the communications sector. Through its Cogeco Cable subsidiary, COGECO provides nearly 1,140,000 units of cable distribution and telecommunication services (defined as basic, digital or Internet service customers) to approximately 1,375,000 households passed in its service areas. Through its Cogeco Radio-Television subsidiary, COGECO operates the TQS network, six TQS television stations, three CBC affiliated television stations, in partnership with Bell Globemedia, as well as wholly owned radio stations 105.7 RYTHME FM in Montreal and FM 93 in Quebec City. COGECO's subordinate voting shares are listed on the Toronto Stock Exchange (CGO). The subordinate voting shares of Cogeco Cable Inc. are also 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 regulation including factors described in the section "Risk Factors and Uncertainties" above. 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 October 21, 2002 at 4:30 p.m. ET
Broadcast via the Internet at www.cogeco.com

COGECO INC.

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Cable Statistics

	August 31, 2002	August 31, 2001
Homes Passed		
Ontario	940,565	930,324
Quebec	434,929	428,556
	1,375,494	1,358,880
Basic Service Customers		
Ontario	596,155	622,612
Quebec	240,213	256,154
	836,368	878,766
Discretionary Service Customers - Tier 1		
Ontario	468,229	507,589
Quebec	164,849	176,437
	633,078	684,026
Discretionary Service Customers - Tier 2		
Ontario	408,634	429,043
Quebec	(1)	3,162
	408,634	432,205
Discretionary Service Customers - Tier 3		
Ontario	355,389	364,531
Quebec	2,291 (2)	2,229
	357,680	366,760
Pay-TV Service Customers		
Ontario	88,571	80,392
Quebec	27,913	28,234
	116,484	108,626
Internet Service Customers		
High-Speed Cable Modem		
Ontario	131,480	88,038
Quebec	26,712	19,900
	158,192	107,938
Digital Customers		
Ontario	87,937	65,572
Quebec	41,861	30,677
	129,798	96,249
Digital Terminals		
Ontario	100,746	74,615
Quebec	44,204	30,677
	144,950	105,292
Customers of bundled services		
Ontario	186,147	153,672
Quebec	55,539	34,254
	241,686	187,926

(1) Combined with Tier 3 since March 2002.

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

COGECO INC.
CONSOLIDATED STATEMENTS OF INCOME

<i>(In thousands of dollars, except per share data)</i>	Three months ended August 31		Twelve months ended August 31	
	2002	2001	2002	2001
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	\$ 135,075	\$ 118,458	\$ 531,998	\$ 478,814
Operating costs	91,068	74,786	344,693	304,468
Operating income before depreciation and amortization	44,007	43,672	187,305	174,346
Depreciation and amortization	26,228	25,629	98,263	95,006
Income before undernoted items	17,779	18,043	89,042	79,340
Unusual items (gain)	5,611	30,588	(23,255)	(30,335)
Financial expense	15,606	13,828	60,816	55,225
Income (loss) before income taxes and the following items	(3,438)	(26,373)	51,481	54,450
Income taxes				
Current	(2,753)	2,736	3,922	6,301
Future	1,251	(33,068)	4,370	(24,709)
	(1,502)	(30,332)	8,292	(18,408)
Non-controlling interest	687	2,094	2,903	3,539
Share in the results of an affiliated company	(131)	(65)	(131)	(38)
Net income (loss)	\$ (2,492)	\$ 1,930	\$ 40,417	\$ 69,357
Net income excluding unusual items	1,152	10,184	11,613	16,634
Earnings per share				
Basic	\$ (0.15)	\$ 0.12	\$ 2.49	\$ 4.28
Diluted	(0.15)	0.12	2.46	4.20
Earnings per share excluding unusual items				
Basic	0.07	0.63	0.72	1.03
Diluted	0.07	0.62	0.71	1.01
Weighted average number of outstanding multiple voting shares and subordinate voting shares	16,246,588	16,221,915	16,239,512	16,203,825

COGECO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands of dollars, except per share data)</i>	Three months ended August 31		Twelve months ended August 31	
	2002	2001	2002	2001
	(unaudited)	(unaudited)	(audited)	(audited)
Cash flow from operating activities				
Net income (loss)	\$ (2,492)	\$ 1,930	\$ 40,417	\$ 69,357
Unusual items net of related income taxes and non-controlling interest	3,644	8,254	(28,804)	(52,723)
Net income from recurring operations	1,152	10,184	11,613	16,634
Items not affecting cash and cash equivalents				
Depreciation and amortization	26,228	25,629	98,263	95,006
Amortization of long-term financing costs	476	431	1,986	1,721
Future income taxes	1,251	(33,068)	4,370	(24,709)
Future income taxes related to unusual items	1,967	9,723	3,480	9,776
Non-controlling interest	687	2,094	2,903	3,539
Portion of unusual items attributable to non-controlling interest	-	12,612	2,069	12,612
Other	101	(575)	777	784
Cash flow from operating activities before undernoted items	31,862	27,030	125,461	115,363
Unusual items	-	-	(4,925)	-
Change in non-cash working capital items	51,440	23,978	12,640	(5,255)
	83,302	51,008	133,176	110,108
Cash flow from investing activities				
Acquisition of fixed assets	(32,534)	(32,902)	(126,258)	(166,999)
Increase in deferred charges	(7,211)	(1,320)	(29,031)	(1,505)
Business acquisitions	(1,204)	1,355	(66,571)	(80,855)
Other	60	(1,219)	463	(821)
	(40,889)	(34,086)	(221,397)	(250,180)
Cash flow from financing activities				
Increase in long-term debt	14,679	28,320	459,171	155,419
Repayment of long-term debt	(31,811)	(32,108)	(447,091)	(108,784)
Issue of subordinate voting shares	48	130	210	637
Purchase of subordinate voting shares for cancellation	-	-	(6)	-
Dividends on multiple voting shares	(97)	(97)	(388)	(394)
Dividends on subordinate voting shares	(757)	(754)	(3,022)	(3,007)
Issue of subordinate voting shares by a subsidiary to non-controlling interest, net of issue costs	-	-	132	96,129
Purchase of subordinate voting shares for cancellation by a subsidiary	-	-	-	(220)
Contribution from non-controlling interest of a subsidiary	1	-	72,416	-
Dividends paid by a subsidiary to non-controlling interest	-	-	-	(631)
	(17,937)	(4,509)	81,422	139,149
Net change in cash and cash equivalents	24,476	12,413	(6,799)	(923)
Cash and cash equivalents at beginning	(29,120)	(10,258)	2,155	3,078
Cash and cash equivalents at end	\$ (4,644)	\$ 2,155	\$ (4,644)	\$ 2,155
Cash flow per share from operating activities before unusual items and changes in non-cash working capital items				
Basic	\$ 1.96	\$ 1.67	\$ 7.73	\$ 7.12
Diluted	1.95	1.63	7.63	6.98

COGECO INC.
CONSOLIDATED BALANCE SHEETS

<i>(In thousands of dollars)</i>	August 31 2002	August 31 2001
	(audited)	(audited)
Assets		
Fixed assets	\$ 782,981	\$ 730,378
Broadcasting licenses and customer base	1,042,498	1,019,132
Goodwill	27,925	-
Broadcasting rights	18,620	-
Deferred charges	39,653	22,893
Cash and cash equivalents	-	2,155
Accounts receivable	64,934	53,167
Income tax receivable	9,986	3,271
Prepaid expenses	5,165	7,239
	\$ 1,991,762	\$ 1,838,235
Liabilities and Shareholders' equity		
Liabilities		
Bank indebtedness	\$ 4,644	\$ -
Long-term debt and term facilities	846,358	823,121
Deferred credit	4,830	-
Accounts payable and accrued liabilities	131,968	87,953
Deferred and prepaid income	17,852	17,413
Future income tax liabilities	169,997	171,853
Non-controlling interest	473,080	432,073
	1,648,729	1,532,413
Shareholders' equity		
Capital stock	114,542	114,335
Retained earnings	228,491	191,487
	343,033	305,822
	\$ 1,991,762	\$ 1,838,235

COGECO INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Twelve months ended August 31

<i>(In thousands of dollars)</i>	2002	2001
	(audited)	(audited)
Balance at beginning	\$ 191,487	\$ 129,753
Changes in accounting policies	-	(4,222)
Net income	40,417	69,357
Excess of price paid over the attributed value of shares redeemed	(3)	-
Dividends on multiple voting shares	(388)	(394)
Dividends on subordinate voting shares	(3,022)	(3,007)
Balance at end	\$ 228,491	\$ 191,487