



PRESS RELEASE
For immediate release

COGECO
ANNOUNCES THE FINANCIAL RESULTS FOR THE FOURTH QUARTER
OF FISCAL YEAR 2001

Montreal, October 23, 2001. – COGECO Inc. announced today the financial results for the fourth quarter and the fiscal year ended August 31, 2001.

OPERATING RESULTS

Financial highlights are:

	THREE MONTHS ENDED AUGUST 31, (unaudited)			YEAR ENDED AUGUST 31, (audited)		
	2001	2000	% Change	2001	2000	% Change
(\$000's except percentage and net earnings per share)						
Revenue	118,458	105,237	12.6	478,814	408,438	17.2
Operating income ⁽¹⁾	43,673	38,103	14.6	174,346	150,845	15.6
Operating margin	36.9%	36.2%		36.4%	36.9%	
Depreciation & amortization	25,629	19,392	32.2	95,006	67,440	40.9
Financial expense	13,828	14,543	(4.9)	55,225	51,656	6.9
Net income						
Basic	1,930	934		69,357	8,526	
Adjusted ⁽²⁾	195	934		6,699	8,369	
Net earnings per share						
Basic	0.12	0.06		4.28	0.53	
Adjusted ⁽²⁾	0.01	0.06		0.41	0.52	

⁽¹⁾ Before depreciation and amortization.

⁽²⁾ Excluding unusual items and a change in accounting policy for future income taxes.

Consolidated revenue for the fourth quarter increased by \$13.2 million or 13%. For the year ended August 31, 2001, consolidated revenue increased by \$70.4 million or 17%. The cable and media sectors have both contributed to the increased revenue in the fourth quarter of fiscal 2001. Revenue in the cable sector increased by 13% and 18% in the fourth quarter and fiscal 2001, compared to the same periods respectively last year. Part of the growth for the fourth quarter of fiscal 2001, approximately \$11.0 million, is attributable to the acquisition of cable systems while internal revenue growth amounted to approximately \$1.4 million or 1%. Internal growth results from improved penetration for high-speed Internet access and digital services as well as rate increases. With regards to the media sector, revenue increased by 11% and 8% in the fourth quarter and fiscal 2001, compared to the same periods respectively last year. COGECO's two radio stations have improved their market share in their respective target markets. The first place position of CJMF-FM in Quebec City and the second place position of 105.7 Rythme FM in Montreal in the 25-54 age group have been confirmed by the spring BBM audience ratings measurements.

Operating income before depreciation and amortization increased by 15% for the fourth quarter and by 16% for fiscal 2001 compared to the same periods last year. Operating margin for the fourth quarter is 36.9% compared to 36.2% last year. Operating margin improvement stems from the two business segments of the Company. Operating margin for fiscal 2001 is 36.4% compared to 36.9% last year. This decline is caused by the cable sector's margin decline during the first six months of fiscal 2001.

The cable sector's operating income before depreciation and amortization increased by 16% and 15% in the fourth quarter and in fiscal 2001 respectively, compared to the same periods last year. Cogeco Cable's focus on improving operating margin before depreciation and amortization resulted in the margin increasing from 35.1% to 38.5% between the second and fourth quarter of fiscal 2001. With regard to the media segment, operating income before depreciation and amortization increased by 20% and 28% in the fourth quarter and fiscal 2001 respectively, compared to the same periods last year. Revenue increases and sustained control over operating costs explain the improvement in the media results.

Depreciation and amortization increased by 32% and financial expense decreased by 5% for the fourth quarter of fiscal 2001. Depreciation and amortization increased by 41% and financial expense rose by 7% for fiscal 2001. The increase in depreciation and amortization results from the cable system modernization program, the capital expenditures related to high-speed Internet access and digital services, and recent cable system acquisitions. Capital expenditures incurred, in particular for the digital decoders, will support future revenue from a greatly expanded offering of video and interactive services to customers. Financial expense in the fourth quarter declined as a result of lower short-term interest rates. Financial expense in fiscal 2001 has increased as a result of capital expenditures exceeding internally generated cash flow from ongoing operations and as a result of recent cable system acquisitions.

In the fourth quarter of 2000-2001, Cogeco Cable elected to write off its investment in its IP telephony project and other assets for an amount totalling \$30.5 million pre-tax. Cogeco Cable took a \$29.3 million write off as a result of the unforeseen level of effort required to deploy the IP telephony solution under evaluation. For the fourth quarter of fiscal 2000, there was no unusual item. In 2000-2001, unusual items amounted to a net gain of \$30.3 million mainly attributable to the cable sector. The unusual items attributable to subsidiary Cogeco Cable came from two sources: a gain on dilution of \$61.1 million following the issuance of approximately 6.3 million Cogeco Cable subordinate voting shares; and the write off of \$30.5 million of its investment in its IP telephony project and other assets. For fiscal 2000, the unusual item stemmed from the sale of cable systems located in the Ottawa Valley in exchange for the purchase of cable systems located in the Niagara Peninsula.

Effective September 1, 2000, the Company implemented new CICA (Canadian Institute of Chartered Accountants) recommendations related to income taxes. Under this new accounting standard, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The change in accounting policy has resulted in a decrease in future income taxes of \$24.3 million in the fourth quarter and in fiscal 2001.

Net income for the fourth quarter of fiscal 2001, excluding unusual items and a change in accounting policy for future income taxes, amounted to \$0.2 million, or \$0.01 per share, compared to \$0.9 million, or \$0.06 per share. For fiscal 2001, net income, excluding unusual items and a change in accounting policy for future income taxes, was \$6.7 million or \$0.41 per share compared to \$8.4 million or \$0.52 per share. Net income for the fourth quarter of fiscal 2001, amounted to \$1.9 million, or \$0.12 per share compared to \$0.9 million or \$0.06 per share for the same period last year. In 2000-2001, net income, amounted to \$69.4 million, or \$4.28 per share compared to \$8.5 million or \$0.53 per share in 1999-2000.

CASH FLOW AND CAPITAL RESOURCES

For the fourth quarter of fiscal 2001, cash flow from recurring operations amounted to \$27.1 million, or \$1.67 per share, compared to \$23.6 million, or \$1.46 per share, for the same period last year, an increase of 14%. For fiscal 2001, cash flow reached \$115.4 million or \$7.12 per share, compared to \$101.3 million, or \$6.29 per share, for the same period last year, an increase of 13%. For the fourth quarter, capital expenditures decreased from \$53.0 million to \$32.9 million and for fiscal 2001, capital expenditures decreased from \$177.3 million to \$167.0 million.

During the six-month period ended February 28, 2001, the subsidiary Cogeco Cable completed the acquisition of cable systems serving approximately 73,700 basic service customers in the Lindsay, Belleville, Brockville and Muskoka areas in Ontario and cable systems serving approximately 30,100 basic service customers located mainly in the Gaspé, Laurentians and Nicolet areas in Quebec. Cogeco Cable also acquired some intercity optical fibres interconnecting the systems in the Muskoka region. The total purchase price for all cable system acquisitions completed during the first semester of fiscal 2001 amounted to \$226.1 million, subject to certain final adjustments, and was financed by cash payments totalling \$80.9 million and the issue of approximately 3.8 million subordinate voting shares. The acquisitions completed during the first semester of fiscal 2001 added approximately 103,800 basic service customers to Cogeco Cable's existing customer base.

On October 1, 2001, the Company announced its intention to proceed with an issuer bid in the normal course of business, for the buy-back of a maximum of 250,000 subordinated voting shares, representing less than 1.8% of the issued and outstanding shares in this class.

ACQUISITION OF THE TQS TELEVISION NETWORK IN PARTNERSHIP WITH BELL GLOBEMEDIA

On September 18, COGECO and Bell Globemedia announced the conclusion of an agreement whereby they will jointly acquire the 86% Quebecor holding in the TQS television network. COGECO and Bell Globemedia will establish a joint venture that will regroup the TQS television network and its owned and operated stations in Montreal and Quebec City as well as its Rimouski repeater station with the six television stations of Cogeco Radio-Television Inc. located in Sherbrooke, Trois-Rivières and Chicoutimi/Jonquière. The respective contributions by COGECO and Bell Globemedia to the joint venture are as follows: COGECO will transfer to the joint venture the six stations of Cogeco Radio-Television Inc. as well as its 12.9% interest in TQS for a total consideration valued at more than \$104 million; Bell Globemedia will be contributing close to \$74 million in cash to complete the transaction. COGECO will hold a 60% ownership in the joint venture, whereas Bell Globemedia will hold 40%. This transaction is subject to the usual conditions and to approval by the Canadian Radio-television and Telecommunications Commission (CRTC). The application for transfer of TQS to the joint venture was filed with the CRTC on September 21, 2001.

RISK FACTORS AND UNCERTAINTIES

The following risks and uncertainties facing COGECO serve as an update to the ones described in the Company's 2000 annual report.

Cable Sector

At Home Corporation (“@Home”) is, through an agreement with a Canadian corporation, @Home Canada Inc., the supplier of Internet portal, e-mail, backbone connectivity and certain other ancillary services for most of Cogeco Cable's customers subscribing to the high-speed Internet service in Ontario. Cogeco Cable does not use any @Home services in Quebec. The financial situation of @Home has recently deteriorated and raised concerns about @Home's capacity to support its existing Internet services in the future. As a result, Cogeco Cable is currently implementing a contingency plan with a view to provisioning and fully servicing as soon as possible all of its high-speed Internet service customers in Ontario without using any @Home services. This contingency plan involves additional expenditures for equipment, backbone connection and the handling of the transition to self-provisioning. Cogeco Cable is confident that self-provisioning will be more efficient and economical once the transition is completed.

The introduction of a host of new discretionary cable services, service bundling and a-la-carte choices greatly increase the requirements for, and reliance on, information systems for effective service procurement, billing, support, reporting and control. Cogeco Cable's information system architecture and main billing systems are currently under review as the billing system contract in Ontario is due to expire in May 2002. In conjunction with new operational requirements and possible system replacement, effective and timely recovery of systems and data, and their security, must also be addressed.

In a recent judgement, the Federal Court of Appeal has ruled that the CRTC does not have jurisdiction under the *Telecommunications Act* to set terms for access by cable and other telecommunications carriers to the support structures of power utilities. In an unrelated proceeding, the Federal Court of Appeal has granted certain municipalities leave to appeal a decision of the CRTC setting the principles and key terms for access by cable and telecommunications carriers to municipal rights of way. The outcome of this proceeding may have a material impact on the terms and conditions for certain municipal access agreements currently under negotiation.

Media Sector

The Company has entered into negotiations with the Canadian Broadcasting Corporation concerning the affiliation terms that could apply to three of the six television stations of Cogeco Radio-Television Inc. in the event that Cogeco Radio-Television Inc. would become the controlling shareholder of TQS Inc. These negotiations, which are not completed, could have an impact on revenue and operating expenses of these stations starting in 2003.

DIVIDEND DECLARATION

At its meeting of October 19, 2001, 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 16, 2001 to shareholders on record on November 2, 2001.

CABLE SECTOR CUSTOMER STATISTICS

Disregarding acquisitions completed during the first six months of fiscal 2001, the number of basic service customers has decreased by 13,669 since May 31, 2001 and by approximately 31,500 since August 31, 2000. However, the loss of basic service customers had been anticipated by the Company, in significant measure due to the price increases implemented in the third quarter to align Cogeco Cable's prices to market levels. As of August 31, 2001, Cogeco Cable served 107,938 high-speed Internet customers, surpassing its target of 105,000 customers. Despite a monthly price increase of \$3 for the rental of digital terminals, Cogeco Cable had installed 105,000 digital terminals as of August 31, 2001. Cogeco Cable's focus on deploying digital services has resulted in a 2.3% penetration increase of customers subscribing to pay television services since August 31, 2000. As at August 31, 2001, 187,926 customers had subscribed to Cogeco Cable's offering of bundled services, up from 152,410 customers as at May 31, 2001. 38% of customers subscribing to the service bundles had 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 including those described in the risk factors and uncertainties section above. 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 than in fiscal 2001 as Cogeco Cable plans to increase its digital footprint in Quebec from 72% of its customer base to 95% by August 2002. However, the strength of the competition in the regions served by Cogeco Cable could compromise the attainment of this objective. Based on current demand, the Company forecasts it will add 40,000 high-speed Internet customers and 25,000 digital set-top boxes by August 31, 2002.

In fiscal 2002, the cable sector expects to achieve revenue growth of 9%, of which 2% should be realized from acquisitions completed in fiscal 2001 and the balance from internal revenue growth. Internal revenue growth should stem mainly from the March and July 2001 rate increases for the discretionary tiers in Ontario and Quebec respectively, and the growth in penetration of high-speed Internet access and digital services. Three major initiatives should enable Cogeco Cable to maintain its fourth quarter of fiscal 2001 operating margin before depreciation and amortization; the cost reduction plan implemented at the end of the second quarter of fiscal 2001; the rate increases implemented in March and June 2001; and the ongoing process improvements for our customer relationship management within our call centers and our technical operations units. Information technology initiatives such as the implementation of our Mobile Data Terminal System in the second quarter of fiscal 2001 and our transactional Web site in fiscal 2002, should enable the Cogeco Cable to further improve customer service and achieve greater cost savings.

In fiscal 2002, Cogeco Cable expects that depreciation of fixed assets and amortization of deferred charges will increase by 15% compared to 43% in fiscal 2001. This lower growth rate should be a result of two main factors: lower capital expenditures in 2001-2002 and a greater percentage of digital terminals that are sold rather than leased (digital terminals are amortized over a shorter period than most network capital expenditures). In 2001-2002, management expects that the planned capital expenditure budget totaling between \$125 and \$130 million should be entirely financed by cash flow generated by operations. As a result of the introduction of new CICA recommendations relating to intangible assets, effective September 1st, 2001, the customer base, an asset with an indefinite life, is no longer amortized but will be subject to an impairment test conducted at least annually.

Media Sector

In fiscal 2002, the media sector expects to realize an 8% organic growth in revenue and operating income before depreciation and amortization respectively arising from the improved market share of the two radio stations and the TQS network. TQS, over the past few years, has continued to grow its market share of the French-speaking audience in Quebec thanks to a strategy that was implemented by a team of dynamic managers and talent who intend to stay on after COGECO and Bell Globemedia acquire control of TQS. This market share, according to Nielsen, is estimated at 16.1% of the 18 to 49 adult age group, TQS' main target group. The regrouping of COGECO's television stations in Sherbrooke, Trois-Rivières and Chicoutimi/Jonquière, which have been constantly profitable over the years, with the TQS network will provide for additional operational synergies. As a result of the introduction of new CICA recommendations relating to intangible assets, effective September 1st, 2001, broadcasting licences, an asset with an indefinite life, is no longer amortized but will be subject to an impairment test conducted at least annually.

COGECO is active in the communications sector. Through its various subsidiaries, COGECO provides cable service to approximately 879,000 basic cable service customers in Canada, and operates six television stations and two radio stations in Quebec. COGECO's subordinate voting shares are listed on The Toronto Stock Exchange (CGO). The subordinate voting shares of its subsidiary 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 23, 2001 at 11:00 a.m. ET
Broadcast via the Internet at www.cogeco.com

COGECO INC.

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Cable Statistics

	August 31, 2001	August 31, 2000
Homes Passed		
Ontario	930,324	817,307
Quebec	428,556	380,501
	1,358,880	1,197,808
Basic Service Customers		
Ontario	622,612	567,944
Quebec	256,154	238,487
	878,766	806,431
Discretionary Service Customers - Tier 1		
Ontario	507,589	479,038
Quebec	176,437	171,104
	684,026	650,142
Discretionary Service Customers - Tier 2		
Ontario	429,043	395,121
Quebec	3,162 *	6,111
	432,205	401,232
Discretionary Service Customers - Tier 3		
Ontario	364,531	341,364
Quebec	2,229 *	2,636
	366,760	344,000
Pay-TV Service Customers		
Ontario	88,971	68,468
Quebec	28,234	19,852
	117,205	88,320
Internet Service Customers		
High-Speed Cable Modem		
Ontario	88,038	57,239
Quebec	19,900	13,477
	107,938	70,716
Digital Terminals		
Ontario	74,615	62,123
Quebec	30,677	16,940
	105,292	79,063
Customers of bundled services		
Ontario (started March 1, 2000)	153,672	49,567
Quebec (started July 9, 2000)	34,254	5,520
	187,926	55,087

* Available to customers who have the Digital Video Service.

COGECO INC.
CONSOLIDATED STATEMENTS OF INCOME

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<i>(In thousands of dollars, except per share data)</i>	Three months ended August 31		Twelve months ended August 31	
	2001	2000	2001	2000
	(unaudited)		(audited)	
Revenue				
Cable	\$ 110,219	\$ 97,793	\$ 438,768	\$ 371,231
Media	8,239	7,444	40,046	37,207
	118,458	105,237	478,814	408,438
Operating costs	74,786	67,134	304,468	257,593
Operating income before depreciation and amortization	43,672	38,103	174,346	150,845
Depreciation and amortization	25,629	19,392	95,006	67,440
Operating income before unusual items	18,043	18,711	79,340	83,405
Unusual items (Gain)	30,588	-	(30,335)	(505)
Operating income	(12,545)	18,711	109,675	83,910
Financial expense	13,828	14,543	55,225	51,655
Income before income taxes and the following items	(26,373)	4,168	54,450	32,255
Income taxes				
Current	2,736	1,021	6,301	1,441
Future	(33,068)	1,353	(24,709)	16,071
	(30,332)	2,374	(18,408)	17,512
Non-controlling interest	2,094	886	3,539	6,204
Share in the results of an affiliated company	(65)	(26)	(38)	14
Net income				
Basic	\$ 1,930	\$ 934	\$ 69,357	\$ 8,525
Excluding unusual items	10,184	934	16,634	8,369
Earnings per share				
Basic	\$ 0.12	\$ 0.06	\$ 4.28	\$ 0.53
Fully diluted	0.12	0.06	4.20	0.52
Earnings per share excluding unusual items				
Basic	0.63	0.06	1.03	0.52
Fully diluted	0.62	0.06	1.01	0.51
Weighted average number of outstanding multiple voting shares and subordinate voting shares	16,221,915	16,180,446	16,203,825	16,119,838

COGECO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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<i>(In thousands of dollars, except per share data)</i>	Three months ended August 31		Twelve months ended August 31	
	2001	2000	2001	2000
	(unaudited)		(audited)	
Cash flow from recurring activities				
Net income	\$ 1,930	\$ 934	\$ 69,357	\$ 8,525
Unusual items net of related income taxes and non-controlling interest	8,254	-	(52,723)	(157)
Net income from recurring operations	10,184	934	16,634	8,368
Items not affecting cash and cash equivalents				
Depreciation and amortization	25,629	19,392	95,006	67,440
Amortization of long-term financing costs	431	427	1,721	1,712
Future income tax	(33,068)	1,353	(24,709)	16,069
Future income tax related to unusual items	9,723	-	9,776	(169)
Non-controlling interest	2,094	886	3,539	6,204
Portion of unusual items attributable to non-controlling interest	12,612	-	12,612	(179)
Other	(575)	600	784	1,884
Cash flow from recurring operations	27,030	23,592	115,363	101,329
Change in non-cash working capital items	23,722	39,616	(4,404)	(9,472)
	50,752	63,208	110,959	91,857
Cash flow from investing activities				
Acquisition of fixed assets	(32,902)	(52,984)	(166,999)	(177,329)
Increase in deferred charges	(1,320)	(5,546)	(1,505)	(18,432)
Acquisition of investments	(1,006)	(605)	(2,113)	(3,369)
Business acquisitions	1,355	(842)	(80,855)	(155,358)
Proceeds on disposal of businesses	-	-	-	808
Other	43	44	441	236
	(33,830)	(59,933)	(251,031)	(353,444)
Cash flow from financing activities				
Increase in long-term debt	28,320	(763,699)	155,419	293,000
Repayment of long-term debt	(32,108)	788,607	(108,784)	(8,797)
Issues of subordinate voting shares	130	29	637	978
Purchase of subordinate voting shares for cancellation	-	(194)	-	(476)
Dividends on multiple voting shares	(97)	(100)	(394)	(400)
Dividends on subordinate voting shares	(754)	(749)	(3,007)	(2,985)
Non-controlling interest	-	(1,222)	95,278	(4,347)
	(4,509)	22,672	139,149	276,973
Net change in cash and cash equivalents	12,413	25,947	(923)	15,386
Cash and cash equivalents at beginning	(10,258)	(22,868)	3,078	(12,308)
Cash and cash equivalents at end	\$ 2,155	\$ 3,079	\$ 2,155	\$ 3,078
Per share				
Cash flow from recurring operations				
Basic	\$ 1.67	\$ 1.46	\$ 7.12	\$ 6.29
Fully diluted	1.63	1.43	6.98	6.16

COGECO INC.
CONSOLIDATED BALANCE SHEETS

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<i>(In thousands of dollars)</i>	August 31 2001	August 31 2000
	(audited)	(audited)
Assets		
Fixed assets	\$ 730,378	\$ 626,145
Broadcasting licences and customer base	1,019,132	729,708
Deferred expenses	22,893	33,943
Investments	10,032	9,613
Accounts receivable	48,860	46,239
Prepaid expenses	7,239	14,017
	\$ 1,838,534	\$ 1,459,665
Liabilities and Shareholders' equity		
Liabilities		
Long-term debt	\$ 823,121	\$ 774,439
Bank indebtedness	(2,155)	(3,078)
Accounts payable and accrued liabilities	90,407	96,831
Deferred income and prepaid services	17,413	12,402
Future income tax liabilities	171,853	87,013
Non-controlling interest	432,073	248,607
	1,532,712	1,216,214
Shareholders' equity		
Capital stock	114,335	113,698
Retained earnings	191,487	129,753
	305,822	243,451
	\$ 1,838,534	\$ 1,459,665

COGECO INC.

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CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Twelve months ended August 31 2001	Twelve months ended August 31 2000
<i>(In thousands of dollars)</i>	2001	2000
	(audited)	(audited)
Balance at beginning	\$ 129,753	\$ 124,936
Net income	69,357	8,526
Adjustment for changes in accounting policies	(4,222)	-
Excess of price paid over the attributed value of shares redeemed	-	(324)
Dividends on multiple voting shares	(394)	(400)
Dividends on subordinate voting shares	(3 007)	(2,985)
Balance at end	\$ 191,487	\$ 129,753