

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report.....

For the transition period from _____ to _____

Commission file number: 333-13792

QUEBECOR MEDIA INC.

(Exact name of Registrant as specified in its charter)

Province of Québec, Canada

(Jurisdiction of incorporation or organization)

**612 St-Jacques Street
Montréal, Québec, Canada H3C 4M8**

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Title of Class
None

[Table of Contents](#)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

5¾% Senior Notes due January 2023

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

79,377,062.24 Common Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

[Table of Contents](#)

TABLE OF CONTENTS

	<u>Page</u>
Explanatory Notes	ii
Industry and Market Data	ii
Presentation of Financial Information	iii
Cautionary Statement Regarding Forward-Looking Statements	iv
PART I	1
ITEM 1 — IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	1
ITEM 2 — OFFER STATISTICS AND EXPECTED TIMETABLE	1
ITEM 3 — KEY INFORMATION	1
ITEM 4 — INFORMATION ON THE CORPORATION	21
ITEM 4A — UNRESOLVED STAFF COMMENTS	62
ITEM 5 — OPERATING AND FINANCIAL REVIEW AND PROSPECTS	62
ITEM 6 — DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	108
ITEM 7 — MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	120
ITEM 8 — FINANCIAL INFORMATION	121
ITEM 9 — THE OFFER AND LISTING	122
ITEM 10 — ADDITIONAL INFORMATION	123
ITEM 11 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	143
ITEM 12 — DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	145
PART II	146
ITEM 13 — DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	146
ITEM 14 — MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	146
ITEM 15 — CONTROLS AND PROCEDURES	146
ITEM 16 — [RESERVED]	147
ITEM 16A — AUDIT COMMITTEE FINANCIAL EXPERT	147
ITEM 16B — CODE OF ETHICS	147
ITEM 16C — PRINCIPAL ACCOUNTANT FEES AND SERVICES	147
ITEM 16D — EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	147
ITEM 16E — PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	148
ITEM 16F — CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT	148
ITEM 16G — CORPORATE GOVERNANCE	148
PART III	149
ITEM 17 — FINANCIAL STATEMENTS	149
ITEM 18 — FINANCIAL STATEMENTS	149
ITEM 19 — EXHIBITS	149
Signature	157
Index to Consolidated Financial Statements	F-1

Table of Contents

EXPLANATORY NOTES

In this annual report, unless otherwise specified, the terms “we,” “our,” “us,” the “Corporation” and “Quebecor Media” refer to Quebecor Media Inc., a corporation under the *Business Corporations Act* (Québec) and its consolidated subsidiaries, collectively. All references in this annual report to “Videotron” are references to our wholly owned subsidiary Videotron Ltd. and its subsidiaries; all references in this annual report to “Le SuperClub Vidéotron” are references to our wholly owned subsidiary Le SuperClub Vidéotron ltée; all references in this annual report to “TVA Group” are references to our public subsidiary TVA Group Inc. and its subsidiaries; all references to “Quebecor Media Printing” are references to our wholly owned subsidiary Quebecor Media Printing (2015) Inc.; all references to “Quebecor Media Network” are references to our wholly owned subsidiary Quebecor Media Network Inc.; all references to “MediaQMI” are references to our wholly owned subsidiary MediaQMI Inc.; all references to “CEC Publishing” are references to our wholly owned subsidiary CEC Publishing Inc.; all references to “Sogides Group” are references to our wholly owned subsidiary Sogides Group Inc.; all references to “Select Music” are references to our wholly owned subsidiary Select Music Inc; all references to “NumériQ” are references to NumériQ Inc.; and all references to “Fibrenoire” are references to Fibrenoire Inc. All references in this annual report to “Quebecor” or “our parent corporation” are references to Quebecor Inc.

In this annual report, all references to the “CRTC” are references to the Canadian Radio-television and Telecommunications Commission.

In this annual report, all references to our “Senior Notes” are references to, collectively, our 5 $\frac{3}{4}$ % Senior Notes due 2023 originally issued on October 11, 2012 and our 6 $\frac{5}{8}$ % Senior Notes due 2023 originally issued on October 11, 2012.

INDUSTRY AND MARKET DATA

Industry statistics and market data used throughout this annual report were obtained from internal surveys, market research, publicly available information and industry publications, including the CRTC, Numeris, the Canadian Circulation Audit Board, the Alliance for Audited Media, Vividata and ComScore Media Metrix. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of this information is not guaranteed. Industry and company data is approximate and may reflect rounding in certain cases.

Paid circulation is defined as average sales of a newspaper per issue. Readership (as opposed to paid circulation) is an estimate of the number of people who read or looked into an average issue of a newspaper or magazine and is measured by an independent survey conducted by Vividata. According to the Q3 2019 Vividata study (the “**Vividata Study**”), the most recent available survey for 2019, readership estimates are based on a multiplatform readership metric of the number of people responding to the Vividata survey circulated by Vividata who report having read or looked into one or more issues of a given newspaper or magazine during a given period equal to the publication interval of the newspaper or magazine. Market share and audiometry information for French speaking viewers in the Province of Québec is based on a survey conducted by Numeris and referenced as Numeris — French Québec, January 1 to December 31, 2019, Mon-Sun, 2:00 — 2:00, All 2+.

Information contained in this annual report concerning the telecommunication and media industries, our general expectations concerning these industries and our market positions and market shares may also be based on estimates and assumptions made by us based on our knowledge of these industries and which we believe to be reliable. We believe, however, that this data is inherently imprecise, although generally indicative of relative market positions and market shares.

[Table of Contents](#)

PRESENTATION OF FINANCIAL INFORMATION

IFRS and Functional Currency

Our audited consolidated financial statements for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

In this annual report, references to Canadian Dollars, CAN\$ or \$ are to the lawful currency of Canada, our functional currency, and references to US Dollars or US\$ are to the currency of the United States.

Non-IFRS Financial Measures and Key Performance Indicator

In this annual report, we use certain financial measures that are not calculated in accordance with IFRS. We use these non-IFRS financial measures, such as adjusted earnings before interest, tax, depreciation and amortization (“**Adjusted EBITDA**”), cash flows from segment operations and free cash flows from continuing operating activities, because we believe that they are meaningful measures of our performance. Our method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this annual report may not be comparable to other similarly titled measures disclosed by other companies.

We provide a definition of adjusted EBITDA, cash flows from segment of operations, free cash flows from continuing operating activities, revenue-generating unit (“**RGU**”) and average billing per unit (“**ABPU**”) under “Item 5. Operating and Financial Review and Prospects — Non-IFRS Financial Measures” and “Item 5. Operating and Financial Review and Prospects — Key Performance Indicator”. We also provide a definition of adjusted EBITDA in footnote 2 to the tables under “Item 3. Key Information — A. Selected Financial Data”, and a reconciliation of adjusted EBITDA to the most directly comparable financial measure under IFRS under “Item 5. Operating and Financial Review and Prospects — Non-IFRS Financial Measures” and in footnote 2 to the tables under “Item 3. Key Information — A. Selected Financial Data”. When we discuss cash flow from segment operations in this annual report, we provide the detailed calculation of the measure in the same section. When we discuss free cash flow from continuing operating activities in this annual report, we provide a reconciliation to the most directly comparable IFRS financial measure in “Item 5. Operating and Financial Review and Prospects”.

Unless otherwise indicated, information provided in this annual report, including all operating data presented, is as of December 31, 2019.

[Table of Contents](#)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements with respect to our financial condition, results of operations, business, and certain of our plans and objectives. These forward-looking statements are made pursuant to the “Safe Harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate, as well as beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, prospects, financial position and business strategies. Words such as “may,” “will,” “expect,” “continue,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe,” or “seek,” or the negatives of those terms or variations of them or similar terminology, are intended to identify such forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: our anticipated business strategies; anticipated trends in our business; anticipated reorganizations of any of our segments or businesses, and any related restructuring provisions or impairment charges; and our ability to continue to control costs. We can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

our ability to successfully continue developing our network and facilities-based mobile services;

general economic, financial or market conditions and variations in our Telecommunications, Media and Sports and Entertainment businesses;

the intensity of competitive activity in the industries in which we operate;

fragmentation of the media landscape;

new technologies that might change consumer behaviour toward our product suite;

unanticipated higher capital spending required to deploy our network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of our business;

our ability to implement successfully our business and operating strategies and manage our growth and expansion;

disruptions to the network through which we provide our digital television, Internet access, telephony and subscription-based OTT entertainment services (“**Club illico**”), and our ability to protect such services from piracy, unauthorized access or other security breaches;

labour disputes or strikes;

interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics and political instability in some countries;

changes in our ability to obtain services and equipment critical to our operations;

changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of our licenses or markets or in an increase in competition, compliance costs or capital expenditures;

our ability to successfully develop our Sports and Entertainment segment and other expanding lines of business in our other segments;

Table of Contents

our substantial indebtedness, the tightening of credit markets, and the restrictions on our business imposed by the terms of our debt; and

interest rate fluctuations that affect a portion of our interest payment requirements on long-term debt.

We caution you that the above list of cautionary statements is not exhaustive. These and other factors are discussed in further detail elsewhere in this annual report, including under “Item 3. Key Information — Risk Factors” of this annual report. Each of these forward-looking statements speaks only as of the date of this annual report. We disclaim any obligation to update these statements unless applicable securities laws require us to do so. We advise you to consult any documents we may file with or furnish to the U.S. Securities and Exchange Commission (“SEC”), as described under “Item 10. Additional Information — Documents on Display” of this annual report.

[Table of Contents](#)

PART I

ITEM 1 — IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 — OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 — KEY INFORMATION

A - Selected Financial Data

The following tables present selected consolidated financial information for our business presented in accordance with IFRS for each of the years ended December 31, 2019, 2018, 2017, 2016 and 2015. We derived this selected consolidated financial information from our audited consolidated financial statements, which are comprised of consolidated balance sheets as at December 31, 2019, 2018, 2017, 2016 and 2015 and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the years in the five-year period ended December 31, 2019. The selected consolidated financial information presented below should be read in conjunction with the information contained in “Item 5. Operating and Financial Review and Prospects” and our audited consolidated financial statements as at December 31, 2019, 2018 and 2017 and for the years ended December 31, 2019, 2018 and 2017 and notes thereto contained in “Item 18. Financial Statements” of this annual report (beginning on page F-1). Our audited consolidated financial statements as at December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015 are not included in this annual report. Our consolidated financial statements as at December 31, 2019, 2018, 2017, 2016 and 2015 and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015, prepared in accordance with IFRS, have been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP’s report on our consolidated financial statements as at December 31, 2019, 2018 and 2017 and for the years ended December 31, 2019, 2018 and 2017 is included in this annual report.

Our historical results are not necessarily indicative of our future financial condition or results of operations.

[Table of Contents](#)

SELECTED FINANCIAL DATA

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(1)	(1)	(1)	(1)	(1)
STATEMENT OF INCOME DATA:					
Revenues					
Telecommunications	\$ 3,480.4	\$ 3,382.0	\$ 3,287.8	\$ 3,192.3	\$ 3,018.1
Media	738.0	728.6	769.9	789.2	812.7
Sports and Entertainment	192.2	182.1	181.3	185.0	187.6
Inter-segment	(116.8)	(111.7)	(113.9)	(109.4)	(116.5)
	4,293.8	4,181.0	4,125.1	4,057.1	3,901.9
Employee costs	(698.2)	(696.6)	(706.2)	(707.9)	(694.4)
Purchase of goods and services	(1,712.7)	(1,703.0)	(1,753.1)	(1,743.8)	(1,690.0)
Depreciation and amortization	(751.2)	(753.3)	(739.9)	(682.0)	(722.6)
Financial expenses	(282.9)	(291.5)	(294.3)	(314.6)	(322.1)
Loss on valuation and translation of financial instruments	(0.8)	(0.9)	(2.4)	(2.1)	(3.8)
Restructuring of operations, litigation and other items	(28.6)	(29.1)	(17.5)	(28.5)	117.2
Gain on sale of spectrum licenses	—	—	330.9	—	—
Impairment of goodwill and other assets	—	—	(43.8)	(40.9)	(230.7)
Loss on debt refinancing	—	—	(15.6)	(7.3)	(12.1)
Income taxes	(215.5)	(167.5)	(141.0)	(143.3)	(112.7)
Income (loss) from discontinued operations	97.5	3.8	18.2	1.0	(20.1)
Net income	\$ 701.4	\$ 542.9	\$ 760.4	\$ 387.7	\$ 210.6
Income (loss) from continuing operations attributable to:					
Shareholders	598.4	536.5	747.1	399.3	249.3
Non-controlling interests	5.5	2.6	(4.9)	(12.6)	(18.6)
Net income (loss) attributable to:					
Shareholders	695.9	540.3	765.3	400.3	230.8
Non-controlling interests	5.5	2.6	(4.9)	(12.6)	(20.2)
OTHER FINANCIAL DATA AND RATIO:					
Adjusted EBITDA ⁽²⁾ (unaudited)	\$ 1,882.9	\$ 1,781.4	\$ 1,665.8	\$ 1,605.4	\$ 1,517.5
Additions to property, plant, equipment and intangible assets other than spectrum licenses	742.4	746.6	740.5	791.1	786.4
Additions to spectrum licenses	255.8	—	—	—	219.0
Comprehensive income	721.4	522.2	829.8	396.9	158.2
Comprehensive income (loss) attributable to:					
Shareholders	715.3	519.4	834.4	406.8	179.4
Non-controlling interests	6.1	2.8	(4.6)	(9.9)	(21.2)
Ratio of earnings to fixed charges ⁽³⁾ (unaudited)	3.9x	3.3x	4.1x	2.7x	2.0x
As at December 31,					
	2019	2018	2017	2016	2015
	(1)	(1)	(1)	(1)	(1)
	(in millions)				
BALANCE SHEET DATA:					
Cash and cash equivalents	\$ 14.0	\$ 21.0	\$ 864.9	\$ 20.7	\$ 18.6
Total assets	10,423.5	10,246.4	10,093.3	9,608.6	9,555.4
Total debt (current and long-term portions)	5,899.4	6,375.0	5,311.7	5,638.1	5,800.6
Capital stock	3,019.7	3,019.7	3,630.8	3,701.4	3,801.4
Equity attributable to shareholders	1,933.1	1,317.8	2,438.4	1,767.7	1,460.9
Dividends or distributions to shareholders	100.0	100.0	100.0	100.0	100.0
Number of common shares outstanding	79.4	79.4	95.4	96.0	96.0

(1) Prior period figures have been restated to reflect the adoption of IFRS 16, *Leases*. Refer to note 1(b) of our consolidated financial statements for more details.

(2) In our analysis of operating results, we define adjusted EBITDA, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations, litigation and other items, gain on sale of spectrum licenses, impairment of goodwill and other assets, loss on debt refinancing, income taxes and income (loss) from discontinued operations. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the consolidated statement of cash flows as a measure of liquidity. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Our parent corporation, Quebecor, uses adjusted EBITDA in order to assess the performance of its investment in

Table of Contents

Quebecor Media. Our management and Board of Directors use this measure in evaluating our consolidated results as well as results of our operating segments. This measure eliminates the significant level of impairment and depreciation/amortization of tangible and intangible assets, and is unaffected by the capital structure or investment activities of Quebecor Media and of its business segments. Adjusted EBITDA is also relevant because it is a significant component of our annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in our segments. We also use other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities. Our definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies. See “Presentation of Financial Information — Non-IFRS Measures”. Our adjusted EBITDA is calculated from and reconciled to net income under IFRS for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 in the table below:

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(1)	(1)	(1)	(1)	(1)
(in millions)					
Reconciliation of adjusted EBITDA to net income					
Adjusted EBITDA					
Telecommunications	\$ 1,803.4	\$ 1,715.6	\$ 1,593.1	\$ 1,545.4	\$ 1,450.9
Media	74.8	60.0	73.8	58.4	64.6
Sports and Entertainment	7.3	10.5	11.6	7.7	3.8
Head office	(2.6)	(4.7)	(12.7)	(6.1)	(1.8)
	1,882.9	1,781.4	1,665.8	1,605.4	1,517.5
Depreciation and amortization	(751.2)	(753.3)	(739.9)	(682.0)	(722.6)
Financial expenses	(282.9)	(291.5)	(294.3)	(314.6)	(322.1)
Loss on valuation and translation of financial instruments	(0.8)	(0.9)	(2.4)	(2.1)	(3.8)
Restructuring of operations, litigation and other items	(28.6)	(29.1)	(17.5)	(28.5)	117.2
Gain on sale of spectrum licenses	—	—	330.9	—	—
Impairment of goodwill and other assets	—	—	(43.8)	(40.9)	(230.7)
Loss on debt refinancing	—	—	(15.6)	(7.3)	(12.1)
Income taxes	(215.5)	(167.5)	(141.0)	(143.3)	(112.7)
Income (loss) from discontinued operations	97.5	3.8	18.2	1.0	(20.1)
Net income	<u>\$ 701.4</u>	<u>\$ 542.9</u>	<u>\$ 760.4</u>	<u>\$ 387.7</u>	<u>\$ 210.6</u>

(3) For the purpose of calculating the ratio of earnings to fixed charges under IFRS, (i) earnings consist of net income, plus income taxes, fixed charges, amortized capitalized interest, less interest capitalized and (ii) fixed charges consist of interest expensed and capitalized, plus premiums and discounts amortization and financing fees amortization.

B - Risk Factors

This section describes some of the risks that could materially affect our business, revenues, results of operations and financial condition, as well as the market value of our Senior Notes. The factors below should be considered in connection with any forward-looking statements in this document and with the cautionary statements contained in the section “Cautionary Statement Regarding Forward-Looking Statements” at the forepart of this annual report. The risks below are not the only ones that we face. Some risks may not yet be known to us and some that we do not currently believe to be material could later turn out to be material.

Risks Relating to Our Business

The converging nature of technologies and services will lead to increased and non-traditional competition.

We face technological substitution across all our key business segments. Due to ongoing technological developments, the distinction between broadcasting, Internet and cable and mobile telephony platforms is fading rapidly. For instance, content providers and studios are leveraging their content rights and pursuing strategies to deploy their own over-the-top (“OTT”) distribution platform and reach consumers directly through the Internet. By doing so, they are less dependent on content aggregators, such as Videotron. The Internet, through cable and mobile devices, is generally an important broadcasting and distribution platform; an increasing number of our customers are using mobile devices as their primary means of video entertainment, in direct competition with our cable business. In addition, mobile operators, with the development of their mobile networks, offer wireless and fixed wireless Internet services, which compete with our Internet access business.

Due to the converging nature of technological advances, we expect increasing competition from non-traditional businesses, which may affect our overall business strategy and could adversely affect our business, financial conditions and results of operations.

Table of Contents

We operate in highly competitive industries that are experiencing rapid technological developments and fierce price competition, and our inability to compete successfully could have a material adverse effect on our business, prospects, revenues, financial condition and results of operations.

In our cable business, we compete against incumbent local exchange carriers (“ILECs”). Our primary ILEC competitor has rolled out its own Internet protocol television (“IPTV”) service in the vast majority of the territory in which we operate. It has also secured licenses to operate video distribution services using video digital subscriber line (“VDSL”) technology. In addition, some third-party Internet service providers (“ISPs”) have launched Internet Protocol video services (“IPVS”) in territories in which we provide services.

The rapidly growing landscape of OTT content providers, many of which having substantial financial resources, now compete for viewership and a share of the monthly entertainment spend. Furthermore, the OTT content providers’ attractive price points (which are in part due to the fact that they do not contribute financially to the Canadian traditional television business model or Internet infrastructure and are not subject to CRTC regulations) makes our traditional offer less appealing for our customers and may affect our ability to retain and acquire customers. Consequently, this could place us at a competitive disadvantage, lead to increased operational costs and have an adverse effect on our business, prospects, revenues, financial condition and results of operations. Also, foreign OTT content providers with no Canadian place of business are not required to charge federal and provincial sales tax (except in Alberta and Québec). Given that our clients, notably Club illico’s subscribers, must be charged GST when they purchase our services, we are at a competitive disadvantage.

Furthermore, we face competition from illegal providers of cable television services and illegal access to non-Canadian direct broadcast satellite (“DBS”) signal (also called grey market piracy), as well as from signal theft of DBS that enables customers to access programming services from U.S. and Canadian DBS without paying any fees (also called black market piracy).

In our Internet access business, we face competition from several resellers who have access to the wholesale third party Internet access (“TPIA”) service mandated by the CRTC. The recently CRTC mandated revised wholesale rates, if upheld by the Federal Court of Appeal, will provide TPIA providers with a cost structure that could lead to increased competition either from established TPIA providers or new entrants. These TPIA providers may also provide telephony and networking applications, and have entered the IPTV market. Their market share is significant and growing especially in Québec and Ontario, the two regions in Canada where they have been particularly active and aggressively pricing their services. See also the risk factor “We are required to provide TPIA providers with access to our networks, which may result in increased competition.”

We also compete against other ISPs offering residential and commercial Internet access services as well as fixed wireless access and open Wi-Fi networks in some cities. The main competitors are the ILECs that offer Internet access through digital subscriber line (“DSL”), fibre to the node and fibre to the home technologies, often offering download speeds comparable to ours. In addition, satellite operators such as Xplornet are increasing their existing high-speed Internet access capabilities with the launch of high-throughput satellites, targeting households in rural and remote locations and claiming future download speeds comparable to our low and medium download speeds. Finally, certain municipalities also plan to build and operate their own broadband networks. They plan to do so through public/private partnership arrangements, competing directly with us in some of our local markets.

Our cable telephony business has numerous competitors, including ILECs, competitive local exchange carriers, mobile telephony service operators and other providers of Voice over Internet Protocol and cloud based telephony. Some of these competitors are not facility-based and therefore have much lower infrastructure costs. In addition, Internet protocol-based products and services are generally subject to downward pricing pressure, lower margins and technological evolution, all of which could have an adverse effect on our business, prospects, revenues, financial condition and results of operations.

In our mobile telephony business, we compete against a mix of market participants, some of them active in our territory in some or all of the products we offer, with others offering only mobile telephony services. In addition, users of mobile voice and data systems may find their communication needs satisfied by other current adjunct technologies, such as Wi-Fi, “hotspots” or trunk radio systems, which have the technical capability to handle mobile data communication and mobile telephone calls. There can be no assurance that current or future competitors will not provide network capacity

Table of Contents

and/or services comparable or superior to those we provide or may in the future provide, or at lower prices, or adapt more quickly to evolving industry trends or changing market requirements, or introduce competing services. For instance, some providers of mobile telephony services (including incumbent carriers) have deployed and have been operating for many years lower-cost mobile telephony brands in order to acquire additional market share. Furthermore, the decisions to be taken by the CRTC with regards to a new regulatory framework for mobile services stand to have a significant impact on our competitive environment, as we could see the emergence of non-facility-based operators (mobile virtual network operators “**MVNOs**”). We may not be able to compete successfully in the future against existing and those potential new competitors; increased competition could have a material adverse effect on our business, prospects, revenues, financial condition, and results of operations.

Finally, many of our competitors are offering special discounts to customers who subscribe to two or more of their services (cable television or IPTV, Internet access, landline and mobile telephony services). Should we fail to keep our existing customers and lose them to such competitors, we may end up losing a subscriber for each of our services as a result of our bundling strategy. This could have an adverse effect on our business, prospects, revenues, financial condition and results of operations.

Fierce price competition in all our businesses and across the industries in which we operate, combined with the declining demand for certain traditional products, may affect our ability to raise the price of our products and services in line with increases in our operating costs, as we have done in the past. This could have an adverse effect on our business, revenues, financial condition and results of operations.

We are required to invest a significant amount of capital to address continuing technological evolution and development needs.

New technologies in the telecommunication industry are evolving faster than the historical investment cycle in the industry. Their introduction and pace of adoption could result in requirements for additional capital investments not currently planned, as well as shorter estimated useful lives for certain of our existing assets. Our strategy of maintaining a leadership position in the suite of products and services we offer and of launching new products and services requires capital investments in our networks, information technology systems and infrastructure, as well as the acquisition of spectrum, to support growth in our customer base and its demands for increased bandwidth capacity and other services.

We must continually invest in our services, networks and technologies due to the rapid evolution of technologies, or we may be required to acquire, develop or integrate new technologies. Improvements in our services depend on many factors. The cost of the acquisition, development or implementation of new technologies and spectrum could be significant and our ability to fund such acquisition, development or implementation may be limited, which could have a material adverse effect on our ability to successfully compete in the future. Any such difficulty or inability to compete could have a material adverse effect on our business, reputation, prospects, financial condition and results of operations.

5G technology is evolving rapidly and Canada’s first standards-based commercial launches are expected in 2020. Smartphones are generally expected to support 5G technology in 2020. It is expected that 5G ecosystems will operate on multiple frequency bands, including the 600MHz spectrum recently acquired by Videotron. However, 3.5 GHz spectrum is becoming a primary band for 5G mobile coverage. Innovation, Science and Economic Development Canada (“**ISED**”) is expected to auction 3.5 GHz frequencies by late 2020 or early 2021. There is a risk that we may not be able to purchase the 3.5 GHz spectrum required to compete equally on network speeds and 5G capacity. Any such difficulty or inability to compete could have a material adverse effect on our business, reputation, prospects, financial condition, and results of operations.

In the past, we have required substantial capital for the upgrade, expansion and maintenance of our networks and the launch and deployment of new or additional services. We expect that additional capital expenditures will continue to be required in the short-term, mid-term and long-term in order to maintain, expand and enhance our networks, systems and services, including expenditures relating to advancements in LTE-Advanced/5G mobile technologies, network virtualisation and automation, Internet access, ultra-high-definition television, Internet of Things, IPTV and OTT delivery technology, as well as the introduction of virtual reality and home automation. Moreover, additional investments in our business may not translate into incremental revenues, cash flows or profitability.

Table of Contents

Continuing growth in and the converging nature of wireless, video and broadband services will require ongoing access to spectrum in order to provide attractive services to customers.

Wireless, video and broadband services are undergoing rapid and significant technological changes and a dramatic increase in usage, in particular, the demand for faster and seamless usage of video and data across mobile and fixed devices. It is projected that this demand will further accelerate, driven by the following increases: levels of broadband penetration; need for personal connectivity and networking; affordability of mobile devices; multimedia-rich services and applications; and unlimited data plans. The anticipated levels of data traffic will represent a growing challenge to the current mobile network's ability to serve this traffic. We may have to acquire additional spectrum in order to address this increased demand. The ability to acquire additional spectrum is dependent on the timing and the rules established by ISED. If we are not successful in acquiring additional spectrum we may need on reasonable terms, or not at all, that could have a material adverse effect on our business, prospects and financial condition. See also "Item 4. Information on the Corporation — Regulation — Canadian Telecommunications Services — Regulatory Framework for Mobile Wireless Services."

We have entered into roaming agreements with other mobile operators in order to provide worldwide coverage to our mobile telephony customers. Our inability to extend our worldwide coverage or to renew, or substitute for, these roaming agreements at their respective terms, and on acceptable terms, may place us at a competitive disadvantage, which could adversely affect our ability to operate our mobile business successfully and profitably.

We have entered into roaming agreements with multiple carriers around the world, and have established worldwide coverage. Our inability to extend our worldwide coverage or to renew, or substitute for, these roaming agreements at their respective or better terms or on acceptable terms, may place us at a competitive disadvantage, which could adversely affect our ability to operate our mobile business successfully and profitably. In addition, if we are unable to renew, or substitute for, these roaming agreements on a timely basis and at an acceptable cost, our cost structure could materially increase, and, consequently, our business, prospects, revenues, financial condition and results of operations could be adversely affected.

We could be adversely impacted by higher handset costs and increasing bring-your-own-device ("BYOD") customers.

Our mobile telephony business model is based substantially on increasing monthly revenues while financing the cost of subscriber handsets over the term of their contract, similar to other Canadian wireless carriers. This model attracts customers and in exchange they commit to a term contract with us. However, the higher handset costs, in a price sensitive market, could negatively impact our revenues, financial condition and results of operations. Furthermore, given the fact that our competitors benefit from higher purchasing volumes, they may have the ability to negotiate better prices from manufacturers of mobile devices, thus enabling them to recoup a larger share of their subscribers' monthly spending.

Furthermore, given the marginal technological advancements in mobile devices, consumers tend to conserve their mobile devices for longer periods of time thereby increasing the number of BYOD customers. Such customers are under no contractual obligation to remain with a specific carrier. Also, new technologies now embedded in certain handset devices will, once widely adopted, allow customers to switch between carriers without the use of a carrier-provided Sim card. This could have a material adverse effect on our churn rate and, consequently, on our business, prospects, revenues, financial condition and results of operations.

Our inventory may become obsolete.

Our various products in inventory generally have a relatively short lifecycle due to frequent technological changes. If we cannot effectively manage inventory levels based on product demand, or minimum order quantities from our suppliers, this could increase the risk of inventory obsolescence and could have an adverse effect on our business, financial condition and results of operations.

We may not be able to obtain additional capital to implement our business strategies and make capital expenditures.

There can be no assurance that we will be able to generate or otherwise obtain the funds to implement our business strategies and finance our capital expenditure programs or other investment requirements, whether through cash

Table of Contents

from operations, additional borrowings or other sources of funding. If we are unable to generate sufficient funds or obtain additional financing on acceptable terms, we may be unable to implement our business strategies or proceed with the capital expenditures and investments required to maintain our leadership position, and our business, financial condition, results of operations, reputation, and prospects could be materially adversely affected.

We may need to support increasing costs in securing access to support structures needed for our networks.

We require access to the support structures of hydroelectric and telephone utilities and need municipal rights of way to deploy our cable and mobile networks. Where access to the structures of telephone utilities cannot be secured, we may apply to the CRTC to obtain a right of access under the *Telecommunications Act* (Canada) (the “**Telecommunications Act**”). We have entered into comprehensive support structure access agreements with all the major hydroelectric companies and all the major telecommunications companies in our service territory. In the event that we seek to renew or to renegotiate these agreements, we cannot guarantee that these agreements will continue to be available on their respective terms, on acceptable terms, or at all, which may place us at a competitive disadvantage and which may have a material adverse effect on our business and prospects.

We may not successfully implement our business and operating strategies.

Our business strategies are based on leveraging an integrated platform of media assets. Our strategies include offering multiplatform advertising solutions, generating and distributing content across a spectrum of media properties and assets, launching and deploying additional value-added products and services, pursuing cross-promotional opportunities, enhancing our advanced broadband network, pursuing enhanced content development, further integrating the operations of our subsidiaries, leveraging geographic clustering and maximizing customer satisfaction across our business. We may not be able to implement these strategies successfully or realize their anticipated results fully or at all, and their implementation may be more costly or challenging than initially planned. In addition, our ability to successfully implement these strategies could be adversely affected by a number of factors beyond our control, including operating difficulties, increased dependence on third party suppliers and service providers, increased ongoing operating costs, regulatory developments, general or local economic conditions, increased competition, technological changes, any prolonged restrictive measures put in place in order to contain an outbreak of a contagious disease or other adverse public health development, and other factors described in this “Risk Factors” section. Any material failure to implement our strategies could have an adverse effect on our reputation, business, financial condition, prospects, and results of operations, as well as on our ability to meet our obligations, including our ability to service our indebtedness.

As part of our strategy, in recent years, we have entered into certain agreements with third-parties under which we are committed to making significant operating and capital expenditures in the future in order to offer new products and services to our customers. We can provide no assurance that we will be successful in developing such new products and services in relation to these engagements, including the marketing of new revenue sources.

We could be adversely impacted by consumer trends to abandon cable telephony and traditional television services.

The recent trend towards mobile substitution (when users cancel their landline telephony services and opt for mobile telephony services only) is largely the result of the increasing mobile penetration rate in Canada. In addition, there is also a consumer trend to abandon, substitute or reduce traditional television services for Internet access services in order to stream directly from broadcasters and OTT content providers. We may not be successful in converting our existing cable telephony and cable television subscriber base to our mobile telephony services, our Internet access services or our OTT entertainment platforms, which could have a material adverse effect on our business, prospects, revenues, results of operations and financial condition.

If we do not effectively manage our growth, our business, results of operations and financial condition could be adversely affected.

We have experienced substantial growth in our business and have significantly expanded our operations over the years. We have sought in the past, and may, in the future, seek to further expand the types of businesses in which we participate, under appropriate conditions. We can provide no assurance that we will be successful in either developing or fulfilling the objectives of any such business expansion.

Table of Contents

In addition, our expansion may require us to incur significant costs or divert significant resources, and may limit our ability to pursue other strategic and business initiatives, which could have an adverse effect on our business, prospects, results of operations and financial condition. Furthermore, if we are not successful in managing our growth, or if we are required to incur significant or unforeseen costs, our business, prospects, results of operations and financial condition could be adversely affected.

We may not be successful in the development of our Sports and Entertainment business.

We have made and are continuing to make significant investments in an effort to develop our Sports and Entertainment business. Some of these investments require significant expenditures and management attention. The success of such investments involves numerous risks that could adversely affect our growth and profitability, including the following risks: that investments may require substantial financial resources that otherwise could be used in the development of our other businesses; that we will not be able to achieve the benefits we expect from our investments in the same timeline as our other businesses; and, specifically with regards to the Videotron Center, that we might not be able to maximize its profitability due to the fact that we do not have a main tenant nor operate in a major market, which might prevent us from attracting international talents.

The implementation of changes to the structure of our business may be more expensive than expected and we may not gain all the anticipated benefits.

We have and will continue to implement changes to the structure of our business due to many factors, such as the necessity of a corporate restructuring, a system replacement or upgrade, a process redesign, and the integration of business acquisitions or existing business units. These changes must be managed carefully to ensure that we capture the intended benefits. The implementation process may negatively impact overall customer experience and may lead to greater-than-expected operational challenges, costs and expenses, customer losses, and business disruption for us, all of which could adversely affect our business and our ability to gain the anticipated benefits.

We depend on key personnel and our inability to retain skilled employees may have an adverse effect on our business, prospects, results of operations and financial condition.

Our success depends to a large extent on the continued services of our senior management and our ability to retain skilled employees. There is intense competition for qualified management and skilled employees, and our failure to recruit, train and retain such employees could have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, in order to implement and manage our businesses and operating strategies effectively, we must sustain a high level of efficiency and performance, maintain content quality, continually enhance our operational and management systems, and continue to effectively attract, train, motivate and manage our employees. If we are not successful in these efforts, it may have a material adverse effect on our business, prospects, results of operations and financial condition.

Our Media segment faces substantial competition for advertising and circulation revenues/audience.

The media industry has experienced fundamental and permanent structural changes. The growth of the Internet has presented alternative content distribution options that compete with traditional media, and an increasing number of non-traditional providers are developing technologies to satisfy the demand for entertainment and information content. Furthermore, our customers have an increased control over the manner, content and timing of their media consumption, including through new technologies that give consumers greater flexibility to fast forward or skip advertisements within our programming. These alternative technologies and new content distribution options have increased audience fragmentation, reduced our Media segment business' audience, readership and circulation levels and have had an adverse effect on advertising revenues from local, regional and national advertisers.

Advertising revenue is the primary source of revenue for our Media segment. As a result of those structural changes, competition for advertising spend in traditional media comes mainly from digital media technologies, which have introduced a wide variety of media distribution platforms for consumers and advertisers. These new competitors also include digital advertising giants with greater financial resources and a controlling share of the online advertising market, thus reducing demand in some segments of our traditional media advertising inventories. Furthermore, the international

Table of Contents

consolidation of advertising agencies is disrupting the demand model as some of our clients now negotiate through these consolidated positions.

The continuous technological improvements to the Internet and the access to unlimited data, combined with higher download speeds, may continue to divert a portion of our Media segment business' existing customer base from traditional media to digital media technology, which could adversely impact the demand for our services. The ability of our Media segment to succeed over the long-term depends on various factors, including our ability to attract advertisers and consumers to our online sites. In addition, even if successful, we can provide no assurance that we will be able to recover the costs associated with the implementation of these digital initiatives through incremental revenues, cash flows or profitability.

As the media market continues to change and fragment, we expect our readership, circulation and audience to reduce and our advertising revenues, our business, prospects, results of operations and financial condition could be materially adversely affected.

Finally, our revenues and operating results in these businesses depend on the relative strength of the economy in our principal markets, as well as the strength or weakness of local, regional and national economic factors. Since a significant portion of our advertising revenues is derived from retail, automotive and consumer packaged goods sector advertisers, weakness in these sectors and in the real estate industry has had, and may continue to have, an adverse impact on the revenues and results of operations of our Media segment.

Our financial performance could be materially adversely affected if we cannot continue to distribute a wide range of appealing video programming and produce and acquire original programming on commercially reasonable terms.

The financial performance of our cable, Club illico and mobile services depends in large part on our ability to distribute, on our platforms, a wide range of appealing video programming and on our ability to produce and acquire original content.

In our telecommunications business, we obtain television programming rights from suppliers pursuant to programming contracts. In recent years, these suppliers have become vertically integrated and are now more limited in number. We may be unable to maintain key programming contracts at commercially reasonable rates for television programming. Loss of programming contracts, our inability to obtain programming at reasonable rates or our inability to pass rate increases through to our customers could have a material adverse effect on our business, prospects, results of operations and financial condition.

Increased competition in the television industry from local and foreign deregulated OTT content providers with access to substantial financial resources may result in a competitive disadvantage from a content perspective and may have a material adverse effect on our business, prospects, revenues financial conditions and results of operations. Notably, on September 28, 2017, the Minister of Canadian Heritage and Netflix concluded an arrangement pursuant to which Netflix undertakes to invest a minimum of \$500 million in original productions in Canada over the next five years, while not required to charge provincial (except in Alberta and Québec) and federal sales taxes or to contribute financially to the Canadian traditional television business model or Internet infrastructure. This arrangement may place us at a competitive disadvantage in the market and exert an upward pressure on content price.

The launch of new products and services may not be as profitable as anticipated.

We are investing in the launch of new products and services. During the period immediately following the launch of a new product or service, revenues are generally relatively modest, while initial operating expenses may prove more substantial. Furthermore, although we believe in the potential associated with this strategy, there is a possibility that the anticipated profitability could take several years to materialize or may never materialize.

We provide our cable television, Internet access, cable telephony and mobile telephony services through a single clustered network, which may be more vulnerable to widespread disruption.

We provide our cable and Internet Protocol ("IP") television, Internet access, cable telephony and mobile telephony services through a primary headend and through twelve additional regional headends in our single clustered

Table of Contents

network. Despite available emergency backup or replacement sites, a failure in our primary headend, including exogenous threats, such as cyber-attacks, natural disasters, sabotage or terrorism, or dependence on certain external infrastructure providers (such as electric utilities), could prevent us from delivering some of our products and services throughout our networks until the failure has been resolved, which may result in significant customer dissatisfaction, loss of revenues and potential civil litigation, and could have a material adverse effect on our financial condition.

Our reputation may be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

We have generally enjoyed a good reputation among the public. Our ability to maintain our existing customer relationships and to attract new customers depends to a large extent on our reputation. While we have put in place certain mechanisms to mitigate the risk that our reputation may be tarnished, including good governance practices and a Code of Ethics, there can be no assurance that these measures will be effective to prevent violations or perceived violations of law or ethical business practices. The loss or tarnishing of our reputation could have a material adverse effect on our business, prospects, financial condition and results of operations.

We store and process increasingly large amounts of personally identifiable data of our clients, employees or business partners, and the improper use or disclosure of such data would have an adverse effect on our business and reputation.

The ordinary course of our businesses involves the receipt, collection, storage and transmission of sensitive data, including our proprietary business information and that of our customers, and personally identifiable information of our customers and employees, whether in our systems, infrastructure, networks and processes, or those of our suppliers.

We face risks inherent in protecting the security of such personal data. In particular, we face a number of challenges in protecting the data in and hosted on our systems, or those belonging to our suppliers, including from advertent or inadvertent actions or inactions by our employees, as well as in relation to compliance with applicable laws, rules and regulations relating to the collection, use, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data. Although we have developed systems, processes and security controls that are designed to protect personally identifiable information of our clients, employees or business partners, we may be unable to prevent the improper disclosure, loss, misappropriation of, unauthorized access to, or other security breach relating to such data that we store or process or that our suppliers store or process. As a result, we may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and we may suffer damage to our business, competitive position and reputation, which could have a material adverse effect on our financial condition.

Cybersecurity breaches and other similar disruptions could expose us to liability, which would have an adverse effect on our business and reputation.

Although we have implemented and regularly review and update processes and procedures to protect against signal interruption, unauthorized access to or use of sensitive data, including data of our customers, and to prevent data loss or theft, and, although ever-evolving cyber-threats require us to continually evaluate and adapt our systems, infrastructure, networks and processes, we cannot assure that our systems, infrastructure, networks and processes, as well as those of our suppliers, will be adequate to safeguard against all information security access by third-parties or errors by employees or by third party suppliers. We are also at risk from increasingly sophisticated phishing attacks, Sim swaps, fraudulent ports and other types of frauds. If we are subject to a significant cyber-attack or breach, unauthorized access, errors of third-party suppliers or other security breaches, we may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and we may suffer damage to our business, competitive position and reputation, which could have a material adverse effect on our financial condition.

The costs associated with a major cyber-attack could also include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cybersecurity measures and the use of alternate resources, lost revenues and customers from business interruption and litigation. Our contractual risk transfers do not eliminate the risk completely and the potential costs associated with these attacks could exceed the scope and limits of the insurance coverage we maintain.

Table of Contents

We may not be able to protect our services from piracy, which may have an adverse effect on our customer base and lead to a possible decline in revenues.

We may not be able to protect our services and data from piracy. We may be unable to prevent electronic attacks to gain unauthorized access to our networks, digital programming, and Internet access services. We use encryption technology to protect our cable signals and OTT service from unauthorized access and to control programming access based on subscription packages. We may not be able to develop or acquire adequate technology to prevent unauthorized access to our networks, programming and data, which may have an adverse effect on our customer base and lead to a possible decline in our revenues, as well as to significant remediation costs and legal claims.

Malicious and abusive Internet practices could impair our cable and mobile services as well as our fibre-optic connectivity business.

Our cable, mobile and fibre-optic connectivity business customers utilize our networks to access the Internet and, as a consequence, we or they may become a victim of common malicious and abusive Internet activities, such as unsolicited mass advertising (or spam) and dissemination of viruses, worms and other destructive or disruptive software. These activities could have adverse consequences on our networks and our customers, including deterioration of service, excessive call volume to call centers, and damage to our customers' equipment and data or ours. Significant incidents could lead to customer dissatisfaction and, ultimately, to a loss of customers or revenues, in addition to increased costs to service our customers and protect our networks. Any significant loss of cable, mobile or fibre-optic connectivity business customers, or a significant increase in the costs of serving those customers, could adversely affect our reputation, business, prospects, results of operations and financial condition.

We are dependent upon our information technology systems and those of certain third-parties. The inability to maintain and enhance our systems could have an adverse impact on our financial results and operations.

The day-to-day operation of our business is highly dependent on information technology systems, including those of certain third-party suppliers, some of which are based in territories providing geopolitical risk. An inability to maintain and enhance our existing information technology systems or obtain new systems to accommodate additional customer growth or to support new products and services could have an adverse impact on our ability to acquire new subscribers, retain existing customers, produce accurate and timely billing, generate revenue growth, manage operating expenses and carry out operation without interruption, all of which may have a material adverse effect on our business, prospects, results of operations and financial condition.

Products and services supplied to us by third-party suppliers may contain latent security issues, including, but not limited to, software and hardware security issues, that would not be apparent upon a diligent inspection. Failure to identify and remedy those issues could adversely impact our results of operations and financial condition.

We depend on third-party suppliers and providers for services, hardware, licensed technological platforms, equipment, information and other items critical to our operations.

We depend on third-party suppliers and providers for certain services, hardware, licensed technological platforms and equipment that are, or may become, critical to our operations and network evolution. These materials and services include set-top boxes, gateways, mobile telephony handsets and network equipment, cable and telephony modems, servers and routers, fibre-optic cable, telephony switches, inter-city links, support structures, licensed technological platforms, software, the "backbone" telecommunications network for our Internet access and telephony services, and construction services for the expansion of and upgrades to our cable and mobile networks. These services and equipment are available from a single or limited number of suppliers and therefore we face the risks of supply disruption, including due to geopolitical events, external events such as epidemics or pandemics, business difficulties, restructuring or supply-chain issues. If no supplier can provide us with the equipment and services that we require or that comply with evolving Internet and telecommunications standards or that are compatible with our other equipment and software, our business, financial condition and results of operations could be materially adversely affected. In addition, if we are unable to obtain critical equipment, software, services or other items on a timely basis and at an acceptable cost, our ability to offer our products and services and roll out our advanced services may be delayed, and our business, financial condition and results of operations could be materially adversely affected.

Table of Contents

In addition, we obtain proprietary content critical to our operations through licensing arrangements with content providers. Some providers may seek to increase fees or impose technological requirements to protect their proprietary content. If we are unable to renegotiate commercially acceptable arrangements with these content providers, comply with their technological requirements or find alternative sources of equivalent content, our operations may be adversely affected.

We may be adversely affected by litigation and other claims.

In the normal course of business, we are involved in various legal proceedings and other claims relating to the conduct of our business, including class actions. Although, in the opinion of our management, the outcome of current pending claims and other litigation is not expected to have a material adverse effect on our reputation, results of operations, liquidity or financial condition, a negative outcome in respect of any such claim or litigation could have a said adverse effect. Moreover, the cost of defending against lawsuits and the diversion of management's attention could be significant. See also "Item 8. Financial Information — Legal Proceedings" in this annual report.

Our businesses depend on not infringing the intellectual property rights of others and on using and protecting our intellectual property rights.

We rely on our intellectual property, such as patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other third parties, to use various technologies, conduct our operations and sell our products and services. Legal challenges to our intellectual property rights, or the ones of third party suppliers, and claims of intellectual property infringement by third parties could require that we enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability, or be enjoined preliminarily or permanently from further use of the intellectual property in question or from the continuation of our businesses as currently conducted. We may need to change our business practices if any of these events occur, which may limit our ability to compete effectively and could have an adverse effect on our results of operations. In the event that we believe any such challenges or claims are without merit, they can nonetheless be time-consuming and costly to defend and divert management's attention and resources away from our businesses. Moreover, if we are unable to obtain or continue to obtain licenses from our vendors and other third parties on reasonable terms, our businesses could be adversely affected.

Piracy and other unauthorized uses of content are made easier, and the enforcement of our intellectual property rights more challenging, by technological advances. The steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. We may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to ours. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We cannot be sure that any legal actions against such infringers will be successful, even when our rights have been infringed.

We may be adversely affected by strikes, other labour protests and health risks affecting our employees.

We are not currently subject to any labour dispute. Nevertheless, we can neither predict the outcome of current or future negotiations relating to labour disputes, union representation or renewal of collective bargaining agreements, nor guarantee that we will not experience future work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations. If our unionized workers engage in a strike or any other form of work stoppage, we could experience a significant disruption to our operations, damage to our property and/or interruption to our services, which could adversely affect our business, assets, financial condition, results of operations and reputation. Even if we do not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect our business and results of operations. Such could be the case if current or future labour negotiations or contracts were to further restrict our ability to maximize the efficiency of our operations. In addition, our ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of our collective bargaining agreements.

Health threats to our employees resulting from epidemics and pandemics could adversely affect our business, assets, financial conditions, results of operations and reputation.

[Table of Contents](#)

Our defined benefit pension plans are currently underfunded and our pension funding requirements could increase significantly due to a reduction in funded status as a result of a variety of factors.

The economic cycles, employee demographics and changes in regulations could have a negative impact on the funding of our defined benefit pension plans and related expenditures. There is no guarantee that the expenditures and contributions required to fund these pension plans will not increase in the future and therefore negatively impact our operating results and financial condition. Risks related to the funding of defined benefit plans may materialize if total obligations with respect to a pension plan exceed the total value of its trust assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the assumptions used to assess the pension plan's obligations, and actuarial losses.

We may be adversely affected by exchange rate fluctuations.

Most of our revenues and expenses are denominated in Canadian dollars. However, certain expenditures, such as the purchase of set-top boxes, gateways, modems, mobile devices and certain capital expenditures, including certain costs related to the development and maintenance of our mobile network, are paid in U.S. dollars. Those costs are partially hedged hence a significant increase in the U.S. dollar could have an adverse effect on our results of operations and financial condition.

Also, a substantial portion of our debt is denominated in U.S. dollars, and interest, principal and premium, if any, are payable in U.S. dollars. For the purposes of financial reporting, any change in the value of the Canadian dollar against the U.S. dollar during a given financial reporting period would result in a foreign exchange gain or loss on the translation of any unhedged U.S. dollar-denominated debt into Canadian dollars. Consequently, our reported earnings and debt could fluctuate materially as a result of foreign-exchange gains or losses. We have entered into transactions to hedge the exchange rate risk with respect to our U.S. dollar-denominated debt outstanding at December 31, 2019, and we intend in the future to enter into such transactions for new U.S. dollar-denominated debt. These hedging transactions could, in certain circumstances, prove economically ineffective and may not be successful in protecting us against exchange rate fluctuations, or we may in the future be required to provide cash and other collateral in order to secure our obligations with respect to such hedging transactions, or we may in the future be unable to enter into such transactions on favorable terms, or at all, or, pursuant to the terms of these hedging transactions, our counterparties thereto may owe us significant amounts of money and may be unable to honour such obligations, all of which could have an adverse effect on our results of operations and financial condition.

In addition, certain cross-currency interest rate swaps entered into by us and our subsidiaries include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

The fair value of the derivative financial instruments we are party to is estimated using period-end market rates and reflects the amount we would receive or pay if the instruments were terminated and settled at those dates, as adjusted for counterparties' non-performance risk. At December 31, 2019, the net aggregate fair value of our cross-currency interest rate swaps and foreign-exchange forward contracts was in a net asset position of \$677.7 million on a consolidated basis. See also "Item 11. Quantitative and Qualitative Disclosures About Market Risk" of this annual report.

Some of our suppliers source their products out of the U.S., therefore, although we pay those suppliers in Canadian dollars, the prices we pay for such commodities or products may be affected by fluctuations in the exchange rate. We may in the future enter into transactions to hedge our exposure to the exchange rate risk related to the prices of some of those commodities or products. However, fluctuations to the exchange rate for our purchases that are not hedged could affect the prices we pay for such purchases and could have an adverse effect on our results of operations and financial condition.

The volatility and disruptions in the capital and credit markets could adversely affect our business, including the cost of new capital, our ability to refinance our scheduled debt maturities and meet our other obligations as they become due.

The capital and credit markets have experienced significant volatility and disruption in the past, resulting in periods of upward pressure on the cost of new debt capital and severe restrictions in credit availability for many companies. In such periods, the disruptions and volatility in the capital and credit markets have also resulted in higher

Table of Contents

interest rates or greater credit spreads on the issuance of debt securities and increased costs under credit facilities. Disruptions and volatility in the capital and credit markets could increase our interest expense, thereby adversely affecting our results of operations and financial position.

Our access to funds under our existing credit facilities is dependent on the ability of the financial institutions that are parties to those facilities to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity, or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our credit facilities are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

Extended periods of volatility and disruptions in the capital and credit markets as a result of uncertainty, ongoing changes in or increased regulation of financial institutions, reduced financing alternatives or failures of significant financial institutions could adversely affect our access to the liquidity and affordability of funding needed for our businesses in the longer term. Such disruptions could require us to take measures to maintain a cash balance until markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Market disruptions and broader economic challenges may lead to lower demand for certain of our products and increased incidences of customer inability to pay or timely pay for the services or products that we provide. Events such as these could adversely impact our results of operations, cash flows, financial condition and prospects.

Subject to the realization of various conditions and factors, we may have to record, in the future, asset impairment charges, which could be material and could adversely affect our future reported results of operations and equity.

We have recorded in the past asset impairment charges which, in some cases, have been material. Subject to the realization of various factors, including, but not limited to, weak economic or market conditions, we may be required to record in the future, in accordance with IFRS accounting valuation principles, additional non-cash impairment charges if the carrying value of an asset in our financial statements is in excess of its recoverable value. Any such asset impairment charge could be material and may adversely affect our future reported results of operations and equity, although such charges would not affect our cash flow.

We undertake acquisitions, dispositions, business combinations, or joint ventures from time to time which may involve significant risks and uncertainties.

From time to time, we engage in discussions and activities with respect to possible acquisitions, dispositions, business combinations, or joint ventures intended to complement or expand our business, some of which may be significant transactions for us and involve significant risks and uncertainties. We may not realize the anticipated benefit from any of the transactions we pursue, and may have difficulty incorporating or integrating any acquired business. Regardless of whether we consummate any such transaction, the negotiation of a potential transaction (including associated litigation), as well as the integration of any acquired business, could require us to incur significant costs and cause diversion of management's time and resources and disrupt our business operations. We could face several challenges in the consolidation and integration of information technology, accounting systems, personnel and operations.

If we determine to sell individual properties or other assets or businesses, we will benefit from the net proceeds realized from such sales. However, our revenues may suffer in the long term due to the disposition of a revenue generating asset, the timing of such dispositions may be poor, causing us to fail to realize the full value of the disposed asset or the terms of such dispositions may be overly restrictive to us or may result in unfavorable post-closing price adjustments if some conditions are not met, all of which may diminish our ability to repay our indebtedness at maturity.

Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity, and prospects.

Table of Contents

The competition for retail locations and the consolidation of independent retailers may adversely affect the customer reach of our telecommunications business' sale network.

The competition to offer products in the best available retail commercial spaces is fierce in the telecommunications business. Some of our telecommunications business' competitors have pursued a strategy of selling their products through independent retailers to extend their presence on the market and some of our competitors have also acquired certain independent retailers and created new distribution networks. This could result in limiting the customer reach of our retail network and places us at a competitive disadvantage, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Risks Relating to Regulation

We are subject to extensive government regulation and policy-making. Changes in government regulation or policies could adversely affect our business, prospects, results of operations and financial condition.

Our operations are subject to extensive government regulation and policy-making in Canada. Laws and regulations govern the issuance, amendment, renewal, transfer, suspension, revocation and ownership of broadcast programming and distribution licenses. With respect to distribution, regulations govern, among other things, the distribution of Canadian and non-Canadian programming services and the maximum fees to be charged to the public in certain circumstances. Our broadcasting distribution and telecommunications operations (including Internet access service) are regulated respectively by the *Broadcasting Act* (Canada) (the “**Broadcasting Act**”) and the Telecommunications Act and regulations thereunder. The CRTC, which administers the Broadcasting Act and the Telecommunications Act, has the power to grant, amend, suspend, revoke and renew broadcasting licenses, approve certain changes in corporate ownership and control, and make regulations and policies in accordance with the Broadcasting Act and the Telecommunications Act, subject to certain directions from the federal cabinet. Our wireless and cable operations are also subject to technical requirements, license conditions and performance standards under the *Radiocommunication Act* (Canada) (the “**Radiocommunication Act**”), which is administered by ISED.

Changes to the laws, regulations and policies governing our operations, the introduction of new laws, regulations, policies or terms of license, the issuance of new licenses, including additional spectrum licenses to our competitors or changes in the treatment of the tax deductibility of advertising expenditures could have an impact on our customer buying practices and/or a material adverse effect on our business (including how we provide products and services), prospects, results of operations and financial condition. In addition, we may incur increased costs in order to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

The CRTC has launched a comprehensive review of the wireless market. The Canadian Government has requested that the CRTC consider competition, affordability, consumer interests and innovation in its decisions. This review could result in the introduction of mandatory resale in the wireless marketplace and the emergence of MVNOs in the mobile telephony industry. This material increase in competition in our mobile telephony business could have a material adverse effect on our business, prospects, revenues, financial conditions and results of operations.

In addition, laws relating to communications, data protection, e-commerce, direct marketing and digital advertising and the use of public records have become more prevalent in recent years. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in Canada, the United States and other jurisdictions may impose limits on our collection and use of certain kinds of information. Furthermore, the CRTC and ISED have the power to impose monetary sanctions for failure to comply with current regulations. For a more extensive description of the regulatory environment affecting our business, see “Item 4. Information on the Corporation — Regulation”.

We are required to provide TPIA providers with access to our cable network, which may result in increased competition.

The largest cable operators in Canada, including Videotron, have been required by the CRTC to provide TPIA providers with access to their networks at mandated cost-based rates. Numerous TPIA providers are interconnected to our cable network and are thereby providing retail Internet access services as well as, in some cases, retail VoIP and IP-based television distribution services.

Table of Contents

In a series of decisions since 2015, the CRTC has reemphasized the importance it gives to mandated wholesale access arrangements as a driver of competition in the retail Internet access market. Among other things, the CRTC has ordered all of the major telephone and cable companies, including Videotron, to provide new disaggregated wholesale access services, which are to replace existing aggregated wholesale access services after a transition period. These new disaggregated services will include mandated access to high-speed services provided over fibre-access facilities, including the fibre-access facilities of the large incumbent telephone companies. On August 15, 2019, the CRTC introduced a flat rate for wholesale Internet access independent of access speed and also ordered that new access and capacity rates be applied retroactively to March 31, 2016. Those new proposed rates are substantially lower than interim rates and could represent a retroactive reduction in earnings of approximately \$22.0 million (before income taxes) in 2019 and approximately \$30.0 million (before income taxes) from March 31, 2016 to December 31, 2018. A coalition of cable companies (including Videotron) has filed appeals of this decision with the Federal Court of Appeal, the federal Cabinet and the CRTC itself. If the CRTC's decision is ultimately upheld in its current form, it will significantly reduce Videotron's wholesale Internet service revenues. In addition, it will significantly change the competitive landscape and will allow Internet resellers to adopt more aggressive pricing strategies in the retail market. This could lead to a loss of subscribers, affect our ability to recover our costs of providing these services, reduce our incentives to invest in our networks and have a material adverse effect on our ability to successfully compete.

ISED may not renew Videotron's mobile spectrum licenses on acceptable terms, or at all.

Videotron's AWS-1 licenses were renewed in December 2018 for a 20-year term. A public consultation to determine the license fees to be paid during the renewal term has not yet been initiated.

Videotron's other spectrum licenses, including in the AWS-3, 700MHz, 2500MHz and 600 MHz bands, are issued for 20-year terms from their respective dates of issuance. At the end of these terms, we expect that new licenses will be issued for subsequent terms through a renewal process, unless a breach of license condition has occurred, a fundamental reallocation of spectrum to a new service is required, or an overriding policy need arises. The process for issuing or renewing licenses, including the terms and conditions of the new licenses and whether license fees should apply for a subsequent license term, are expected to be determined by ISED. If, at the end of their respective term, our licenses are not renewed on acceptable terms, or at all, our ability to continue to offer our wireless services, or to offer new services, may be negatively impacted and, consequently, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may be adversely affected if we do not qualify for government programs or if such programs do not constitute sufficient incentives to producers.

We take advantage of several government programs designed to support production and distribution of televisual and cinematographic products and magazine publishing in Canada, including federal and provincial refundable tax credits. There can be no assurance that the local cultural incentive programs which we may access in Canada will continue to be available in the future or will not be reduced, amended or eliminated. Any future reductions or other changes in the policies or rules of application in Canada or in any of its provinces in connection with these government incentive programs, including any change in the Québec or the federal programs providing for refundable tax credits, could increase the cost of acquiring and producing Canadian programs which are required to be broadcast and which could have a material adverse effect on our results of operations and financial condition. Canadian content programming is also subject to certification by various agencies of the federal government. If programming fails to so qualify, we would not be able to use the programs to meet Canadian content programming obligations and might not qualify for certain Canadian tax credits and government incentives.

In addition, the Canadian and provincial governments currently provide grants, incentives and tax credits to attract foreign producers and support domestic film and television production. Many of the major studios and other key customers of our Film Production & Audiovisual Services Business (as defined in this annual report), content producers for our broadcasting operations, as well as our production and distribution business, finance a portion of their production budgets through these grants, incentives and tax credits. There can be no assurance that these grants, incentives and tax credits will continue at their present levels or at all, and if they are reduced or discontinued, the level of activity in the motion picture and television industries may be reduced, as a result of which our results of operations and financial condition might be adversely affected.

Table of Contents

The successful tax credit model of Québec and other provinces in Canada has been copied by other jurisdictions. Some producers may select locations other than Québec to take advantage of other tax credit programs. Other factors, such as director or star preference, may also have the effect of productions being shot in a location other than Québec and may therefore have a material adverse effect on our business, results of operations and financial condition.

We are subject to a variety of environmental laws and regulations and may be adversely impacted by climate change.

We are subject to a variety of environmental laws and regulations. Some of our facilities are subject to federal, provincial, state and municipal laws and regulations concerning, for example, emissions to the air, water and sewer discharge, the handling and disposal of hazardous materials and waste, including electronic waste, recycling, soil remediation of contaminated sites, or otherwise relating to the protection of the environment. In addition, laws and regulations relating to workplace safety and worker health, which, among other things, regulate employee exposure to hazardous substances in the workplace, also govern our operations. Failure to comply with present or future laws or regulations could result in substantial liability for us.

Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future. For instance, most Canadian provinces have implemented Extended Producer Responsibility (EPR) regulations in order to encourage sustainability practices such as the “Ecological recovery and reclamation of electronic products”, which sets certain recovery targets and which may require us to monitor and adjust our practices in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them could result in fines, regulatory scrutiny, or have a significant effect on our reputation and brands.

Our properties, as well as areas surrounding those properties, particularly those in areas of long-term industrial use, may have had historic uses, or may have current uses, in the case of surrounding properties, which may affect our properties and require further study or remedial measures. We cannot provide assurance that all environmental liabilities have been determined, that any prior owner of our properties did not create a material environmental condition not known to us, that a material environmental condition does not otherwise exist on any of our properties, or that expenditure will not be required to deal with known or unknown contamination.

We own, through one of our subsidiaries, certain properties located on a partially remediated former landfill. The operation and ownership of these properties carries an inherent risk of environmental and health and safety liabilities, including for personal injuries, property damage, release of hazardous materials, remediation and clean-up costs and other environmental damages. We may, from time to time, be involved in administrative and judicial proceedings relating to such matters, which could have a material adverse effect on our business, financial condition and results of operations.

Finally, the effects of global climate change are increasing the severity and frequency of extreme weather-related events, and will likely result in increased operational and capital costs. Some of the more significant climate-related risks that were identified include increased operational costs to maintain network operations during extreme weather events, and increased capital costs as a result of damage to facilities and/or equipment.

Concerns about alleged health risks relating to radiofrequency emissions may adversely affect our business.

All our cell sites comply with applicable laws and we rely on our suppliers to ensure that the network equipment and customer equipment supplied to us meets all applicable regulatory and safety requirements. Nevertheless, some studies have alleged links between radiofrequency emissions from certain wireless devices and cell sites and various health problems, or possible interference with electronic medical devices, including hearing aids and pacemakers. There is no definitive evidence of harmful effects from exposure to radiofrequency emissions when the limits imposed by applicable laws and regulations are complied with. Additional studies of radiofrequency emissions are ongoing and there is no certainty as to the results of any such future studies.

The current concerns over radiofrequency emissions or perceived health risks of exposure to radiofrequency emissions could lead to additional governmental regulation, diminished use of wireless services, including Videotron's, or product liability lawsuits that might arise or have arisen. Any of these could have a material adverse effect on our business, prospects, revenues, financial condition and results of operations.

[Table of Contents](#)

Risks Relating to our Senior Notes and our Capital Structure

Our indebtedness and significant interest payment requirements could adversely affect our financial condition and therefore make it more difficult for us to fulfill our obligations, including our obligations under our Senior Notes.

We currently have a substantial amount of debt and significant interest payment requirements. As at December 31, 2019, we had \$5.93 billion of consolidated long-term debt (long-term debt plus bank indebtedness). Our indebtedness could have significant consequences, including the following:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to making interest and principal payments on our indebtedness, reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt or greater financial resources; and
- limit, along with the financial and other restrictive covenants in our indebtedness, our ability to, among other things, borrow additional funds on commercially reasonable terms, if at all.

Although we have significant indebtedness, as at December 31, 2019, we had more than \$1.73 billion available for additional borrowings under our existing credit facilities on a consolidated basis, and the indentures governing our outstanding Senior Notes would permit us to incur substantial additional indebtedness in the future. If we or our subsidiaries incur additional debt, the risks we now face as a result of our leverage could intensify. For more information regarding our long-term debt and its maturities, refer to Note 20 to our audited consolidated financial statements for the year ended December 31, 2019 included under “Item 18. Financial Statements” of this annual report. See also the risk factor “— Restrictive covenants in our outstanding debt instruments may reduce our operating and financial flexibility, which may prevent us from capitalizing on certain business opportunities.”

Restrictive covenants in our outstanding debt instruments may reduce our operating and financial flexibility, which may prevent us from capitalizing on certain business opportunities.

Our credit facilities and the respective indentures governing our Senior Notes contain a number of operating and financial covenants restricting our ability to, among other things:

- borrow money or sell preferred stock;
- create liens;
- pay dividends on or redeem or repurchase our stock;
- make certain types of investments;
- restrict dividends or other payments from certain of our subsidiaries;
- enter into transactions with affiliates;
- issue guarantees of debt; and
- sell assets or merge with other companies.

Table of Contents

If we are unable to comply with these covenants and are unable to obtain waivers from our creditors, we would be unable to make additional borrowings under our credit facilities, our indebtedness under these agreements would be in default and that could, if not cured or waived, result in an acceleration of such indebtedness and cause cross-defaults under our other debt, including our Senior Notes. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it, and any such prepayment or refinancing could adversely affect our financial condition. In addition, if we incur additional debt in the future or refinance existing debt, we may be subject to additional covenants, which may be more restrictive than those to which we are currently subject. Even if we are able to comply with all applicable covenants, the restrictions on our ability to manage our business in our sole discretion could adversely affect our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities that we believe would be beneficial to us.

We are a holding corporation and depend on our subsidiaries to generate sufficient cash flow to meet our debt service obligations, including payments on our Senior Notes.

We are a holding corporation and a substantial portion of our assets is the capital stock of our subsidiaries. As a holding corporation, we conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flow and ability to service our debt obligations, including our outstanding Senior Notes, are dependent on the cash flow of our existing and future subsidiaries and the distribution of this cash flow to us, or on loans, advances or other payments made by these entities to us. The ability of these entities to pay dividends or make loans, advances or payments to us will depend on their operating results and will be subject to applicable laws and contractual restrictions contained in the instruments governing their debt. Videotron has several series of debt securities outstanding and both Videotron and TVA Group have credit facilities that limit their ability to distribute cash to us. In addition, if our existing or future subsidiaries incur additional debt in the future or refinance existing debt, we may be subject to additional contractual restrictions contained in the instruments governing that debt, which may be more restrictive than those to which we are currently subject.

The ability of our subsidiaries to generate sufficient cash flow from operations to allow us to make scheduled payments on our debt obligations will depend on their future financial performance, which will be affected by a range of economic, competitive and business factors as well as structural changes, many of which are outside of our or their control. If the cash flow and earnings of our operating subsidiaries and the amount that they are able to distribute to us, as dividends or otherwise, are not sufficient for us, we may not be able to satisfy our debt obligations. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments, or seeking to raise additional capital. We can provide no assurance that any such alternative refinancing would be possible; that any assets could be sold, or, if sold, the timing of the sales and the amount of proceeds realized from those sales; that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance these obligations on commercially reasonable terms, could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may be required from time to time to refinance certain of our indebtedness. Our inability to do so on favorable terms, or at all, could have a material adverse effect on us.

We may be required from time to time to refinance certain of our existing debt at or prior to maturity. Our ability and our subsidiaries' ability to obtain additional financing to repay such existing debt at maturity will depend upon a number of factors, including prevailing market conditions, credit availability and our operating performance. There can be no assurance that any such financing will be available to us on favorable terms or at all. See also the risk factor “— The volatility and disruptions in the capital and credit markets could adversely affect our business, including the cost of new capital, our ability to refinance our scheduled debt maturities and meet our other obligations as they become due.”

There is no public market for our Senior Notes.

There is currently no established trading market for our issued and outstanding Senior Notes and we do not intend to apply for listing of any of our Senior Notes on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. No assurance can be given as to the prices or liquidity of, or trading markets for, any series of our Senior Notes. The liquidity of any market for our Senior Notes will depend upon the number of holders of

Table of Contents

our Senior Notes, the interest of securities dealers in making a market in our Senior Notes, applicable regulations, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, our financial condition and performance and our prospects. The absence of an active market for our Senior Notes could adversely affect their market price and liquidity.

In addition, the market for non-investment grade debt has historically been subject to disruptions that have caused volatility in prices of securities. It is possible that the market for our Senior Notes will be subject to such disruptions. Any such disruptions may have a negative effect on a holder's ability to sell our Senior Notes, regardless of our prospects and financial performance.

We may not be able to finance an offer to purchase our Senior Notes in the event of a change of control as required by the respective indentures governing our Senior Notes because we may not have sufficient funds at the time of the change of control or our credit facilities may not allow the repurchases.

If we experience a change of control, as that term is defined in the respective indentures governing our Senior Notes, we may be required to make an offer to repurchase all of our Senior Notes prior to maturity. We can provide no assurance that we will have sufficient funds or be able to arrange for additional financing to repurchase our Senior Notes following such change of control. There is no sinking fund with respect to our outstanding Senior Notes.

In addition, a change of control would be an event of default under our credit facilities. Any future credit agreement or other agreements relating to our indebtedness to which we become a party may contain similar provisions. Our failure to repurchase our Senior Notes if required upon a change of control would, pursuant to the terms of the respective indentures governing our outstanding Senior Notes, constitute an event of default under such indentures. Any such default could, in turn, constitute an event of default under any existing or future indebtedness, any of which may cause the related debt to be accelerated after the expiry of any applicable notice or grace periods. If debt were to be accelerated, we may not have sufficient funds to repurchase our Senior Notes and repay the debt.

Canadian bankruptcy and insolvency laws may impair the trustees' ability to enforce remedies under the indentures governing our Senior Notes or the Senior Notes themselves.

The rights of the trustees, who represent the holders of our Senior Notes, to enforce remedies could be delayed by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to us. For example, both the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") and the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and to file a proposal to be voted on by the various classes of its affected creditors. A restructuring proposal, if accepted by the requisite majorities of each affected class of creditors, and if approved by the relevant Canadian court, would be binding on all creditors within each affected class, including those creditors that did not vote to accept the proposal. Moreover, this legislation, in certain instances, permits the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument, during the period that the stay against proceedings remains in place. In addition, it may be possible in certain circumstances to restructure certain debt obligations under the corporate governing statute applicable to the debtor.

The powers of the court under the BIA, and particularly under the CCAA, have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, we cannot predict whether payments under our outstanding Senior Notes would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the trustees could exercise their respective rights under the respective indentures governing each series of our Senior Notes or whether and to what extent holders of our Senior Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the respective trustees.

Non-U.S. holders of our Senior Notes are subject to restrictions on the transfer or resale of our Senior Notes.

Although we have registered certain series of our Senior Notes under the Securities Act, we did not, and we do not intend to, qualify our Senior Notes by prospectus in Canada or other jurisdictions outside the United States, and, accordingly, the Senior Notes remain subject to restrictions on resale and transfer in Canada and other jurisdictions.

Table of Contents

outside the United-States. In addition, non-U.S. holders remain subject to restrictions imposed by the jurisdiction in which the holder is resident.

U.S. investors in our Senior Notes may have difficulties enforcing civil liabilities.

We are incorporated under the laws of the Province of Québec. Substantially all of our directors, controlling persons and officers are residents of Canada or other jurisdictions outside the United States, and all or a substantial portion of their assets and substantially all of our assets are located outside the United States. We have agreed, in accordance with the terms of the respective indentures governing each series of our Senior Notes (other than our Canadian-dollar denominated Senior Notes), to accept service of process in any suit, action or proceeding with respect to the indentures or such Senior Notes brought in any federal or state court located in New York City by an agent designated for such purpose, and to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings. However, it may be difficult for holders of our Senior Notes to effect service of process within the United States upon directors, controlling persons, officers and experts who are not residents of the United States or to enforce against us or them in the United States upon judgments of courts of the United States predicated upon civil liability under United States federal or state securities laws or other laws of the United States. In addition, there is doubt as to the enforceability in Canada of liabilities predicated solely upon United States federal or state securities laws against us or against our directors, controlling persons, officers and experts who are not residents of the United States, in original actions or in actions for enforcement of judgments of courts of the United States.

Although our Senior Notes are referred to as “senior notes,” they are effectively subordinated to our secured indebtedness and structurally subordinated to the liabilities of our subsidiaries.

Our Senior Notes are unsecured and, therefore, are effectively subordinated to any secured indebtedness that we may incur to the extent of the assets securing such indebtedness. In the event of a bankruptcy or similar proceeding involving us, the assets that serve as collateral for any secured indebtedness will be available to satisfy the obligations under the secured indebtedness before any payments are made on the Senior Notes. The Senior Notes are effectively subordinated to any borrowings under our credit facilities. In addition, our credit facilities and the respective indentures governing our Senior Notes permit us to incur additional secured indebtedness in the future, which could be significant.

Our subsidiaries do not guarantee the Senior Notes and have no obligation, contingent or otherwise, to pay amounts due under the Senior Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. Holders of Senior Notes do not have a claim as a creditor against our subsidiaries. The Senior Notes are, therefore, structurally subordinated to all indebtedness and other obligations of our subsidiaries. In the event of insolvency, liquidation, reorganization, dissolution or other winding up of any such subsidiary, all of such subsidiary’s creditors (including trade creditors) would be entitled to payment in full out of such subsidiary’s assets before the holders of our Senior Notes would be entitled to any payment.

ITEM 4 — INFORMATION ON THE CORPORATION

A - History and Development of Quebecor Media

Our legal and commercial name is Quebecor Media Inc. Our registered office is located at 612 St-Jacques Street, Montréal, Québec, Canada H3C 4M8, and our telephone number is (514) 380-1999. Our corporate website may be accessed through the URL <http://www.quebecor.com>. The information found on our corporate website or on any other website to which we refer in this annual report does not, however, form part of this annual report and is not incorporated by reference herein. Our agent for service of process in the United States with respect to our Senior Notes (other than our Canadian-dollar denominated Senior Notes due 2023) is CT Corporation System, 28 Liberty Street, New York, New York 10005.

Quebecor Media was incorporated in Canada on August 8, 2000 under Part 1A of the *Companies Act* (Québec) (since February 14, 2011, the *Business Corporations Act* (Québec)).

Table of Contents

Since December 31, 2016 we have undertaken and/or completed several business acquisitions, combinations, divestitures and business development projects and financing transactions through our direct and indirect subsidiaries, including, among others, the following:

We have continued to actively develop Videotron's mobile network. As of December 31, 2019, Videotron's mobile telephony services covered the Province of Québec (8.5 million people) and Eastern Ontario. During 2019, we activated 176,700 net new lines on our advanced mobile network at a pace of approximately 14,700 net new lines per month, bringing our total mobile customer base to 1,330,500 activated lines.

On December 23, 2019, Videotron concluded an agreement to acquire Télédistribution Amos Inc. ("Cable Amos"), and its network in Abitibi-Temiscamingue. The acquisition is subject to the approval of ISED and to customary conditions.

On December 13, 2019, Videotron announced that Samsung Electronics Co. Ltd. ("Samsung") has been chosen as its partner for the roll-out of LTE-A and 5G radio access technology in Québec and in the Ottawa area. In this phase, Videotron will accelerate construction of its new generation network with a target of gradual commissioning beginning in 2020.

On October 8, 2019, Videotron issued \$800.0 million aggregate principal amount of 4.50% Senior Notes maturing on January 15, 2030, for net proceeds of \$790.7 million, net of financing fees of \$9.3 million. Videotron used the proceeds mainly to pay down a portion of the amount due under its secured revolving credit facility.

On August 27, 2019, Videotron launched Helix, the new technology platform that is revolutionizing entertainment and home management with voice remote, ultra-intelligent Wi-Fi, and, coming soon, support for home automation, all tailored to customer needs and preferences.

On July 15, 2019, we prepaid the balance of our term loan "B" and settled the related hedging contracts for a total cash consideration of \$340.9 million.

On April 10, 2019, Videotron purchased ten blocks of low-frequency spectrum in the 600 MHz band during ISED's latest commercial mobile spectrum auction. The licenses, which cover Eastern, Southern and Northern Québec as well as the Outaouais and Eastern Ontario areas, were acquired for \$255.8 million.

On April 1, 2019, TVA Group closed the acquisition of the companies in the Incendo Media Inc. group, a Montréal-based producer and distributor of television products for international markets for a cash consideration of \$11.1 million (net of cash acquired of \$0.9 million) and a balance payable at fair value of \$6.8 million. An amount of \$0.6 million relating to certain post-closing adjustments was also received in the third quarter of 2019.

On February 15, 2019, we amended our \$300.0 million secured revolving credit facility to extend the maturity to July 2022. Some of the terms and conditions related to this credit facility were also amended.

On February 13, 2019, TVA Group closed the acquisition of the companies in the Serdy Média inc. group, which owns and operates the Évasion and Zeste specialty channels, along with the companies in the Serdy Video Inc. group, for a total consideration of \$23.5 million, net of acquired cash of \$0.5 million. Post-closing adjustments of \$1.6 million were also paid in the third quarter of 2019. The transaction was announced on May 1, 2018 and received CRTC approval on January 14, 2019.

On January 24, 2019, Videotron sold its 4Degrees Colocation Inc. data centre operations for an amount of \$261.6 million, which was fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by Videotron in the second quarter of 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal

Table of Contents

of \$97.2 million, net of income taxes of \$18.5 million, was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. The results of operations and cash flows of this business were reclassified as discontinued operations in the consolidated statements of income and cash flows.

On January 7, 2019, we announced certain senior management changes whereby (i) Jean-François Pruneau, formerly Senior Vice President and Chief Financial Officer of Quebecor Media, was appointed President and Chief Executive officer of Videotron, in replacement of Manon Brouillette who stepped down for personal reasons, (ii) Hugues Simard was appointed Chief Financial Officer of Quebecor Media, in replacement of Jean-François Pruneau and (iii) Marc Tremblay was appointed Chief Operating Officer of Quebecor, while retaining his responsibilities as Chief Legal Officer and Corporate Secretary.

On November 26, 2018, Videotron increased its secured revolving credit facility from \$965.0 million to \$1.5 billion and extended its maturity to July 2023. Some of the terms and conditions related to this credit facility were also amended.

On October 15, 2018, we launched QUB radio, a new online and mobile audio app platform with a live radio stream and a library of podcasts.

On September 13, 2018, Videotron launched Fizz, a dynamic and competitive new mobile and Internet brand that delivers mobile telephony and Internet service featuring advantageous pricing, a fully digital experience and user autonomy.

On August 27, 2018, TVA Group acquired all the shares of Audio Zone Inc., a film production and audiovisual services company that provides postproduction sound services.

On August 13, 2018, we acquired LC Media Inc. (“**LC Media**”), owner of *Le Guide de l’auto*, an authoritative car guide published by Quebecor’s Les Éditions de l’Homme.

On May 8, 2018, Quebecor and the Corporation entered into an agreement with CDP Capital d’Amérique Investissements inc. (“**CDP Capital**”) to repurchase all of the shares of Quebecor Media still held by CDP Capital for a value of \$1.69 billion. On May 11 and June 22, 2018, we repurchased for cancellation a total of 16,064,215 of our Common Shares held by CDP Capital, representing approximately 91.1% of CDP Capital’s interest before closing, for a total aggregate purchase price of \$1.54 billion, paid in cash. All repurchased shares were cancelled. On June 22, 2018, Quebecor purchased 1,564,696 Common Shares of Quebecor Media held by CDP Capital, representing approximately 8.9% of CDP Capital’s interest before closing, in consideration of the issuance of \$150.0 million aggregate principal amount of convertible debentures of Quebecor. After the completion of these transactions, Quebecor Media became a wholly owned subsidiary of Quebecor.

On August 29, 2017, Videotron announced a multiyear strategic partnership with multinational telecommunications, media technology company Comcast Corporation (“**Comcast**”), aimed at developing and delivering its own IPTV service based on Comcast’s XFINITY X1 platform to enhance customer experience for Videotron customers.

On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHz wireless spectrum licenses outside Québec to Shaw Communications Inc. (“**Shaw**”) for a cash consideration of \$430.0 million. The sale included three 700 MHz licenses covering southern Ontario and the entirety of the provinces of Alberta and British Columbia, and four 2500 MHz licenses covering the major urban centres in those provinces, namely Toronto, Edmonton, Calgary and Vancouver.

On July 6, 2017, Quebecor Media announced that it had repurchased for cancellation 541,899 of its common shares from CDPQ for an aggregate purchase price of \$37.7 million, paid in cash. On the same date, Quebecor Media also paid off a security held by CDPQ for \$6.2 million. Following the transaction,

Table of Contents

Quebecor's interest in Quebecor Media increased from 81.07% to 81.53% and CDPQ's interest decreased from 18.93% to 18.47%.

On June 20, 2017, Videotron sold its AWS-1 spectrum license in the Metropolitan Toronto area to Rogers Communication Inc. ("Rogers") for a cash consideration of \$184.2 million, pursuant to the transfer option held by Videotron since 2013.

On May 4, 2017, pursuant to its obligations under its credit agreement as a result of the redemption in full of its 6^{7/8}% Senior Notes due July 15, 2021, Videotron added the entire amount of its unsecured revolving credit facility to the amount of its secured revolving credit facility. As a result, Videotron increased its secured facility from \$630.0 million to \$965.0 million and terminated its unsecured facility.

On April 13, 2017, Videotron issued US\$600.0 million aggregate principal amount of 5^{1/8}% Senior Notes, maturing on April 15, 2027, for net proceeds of \$794.5 million (net of financing expenses). The proceeds of this offering were used to (i) redeem and retire the entire outstanding amount of Videotron's outstanding 6^{7/8}% Senior Notes due July 15, 2021, (ii) partially repay the amounts outstanding under Videotron's senior credit facilities, and (iii) pay transaction fees and expenses.

On March 31, 2017, Videotron issued a notice for the redemption of all its outstanding 6^{7/8}% Senior Notes issued on July 5, 2011 and due July 15, 2021, in an aggregate principal amount of \$125.0 million. On May 1, 2017, the Senior Notes were redeemed at a redemption price of 103.438% of their principal amount for a cash consideration of \$129.3 million.

On March 31, 2017, we issued a notice for the redemption of all our outstanding 7^{3/8}% Senior Notes issued on January 5, 2011 and due January 15, 2021. On May 1, 2017, the Senior Notes were redeemed at a redemption price of 102.458% of their principal amount for a cash consideration of \$333.0 million.

On February 16, 2017, Quebecor announced corporate management changes. Pierre Karl Péladeau returned to the position of President and Chief Executive Officer of Quebecor and Quebecor Media, replacing Pierre Dion.

On January 10, 2017, TVA Sports became the exclusive French-language broadcaster of the Montréal Impact, as well as an official broadcaster of the Major League Soccer ("MLS") for the next five years. In 2018, the agreement was extended by one additional year until 2022.

[Table of Contents](#)

B - Business Overview

Overview

We are one of Canada's leading telecommunications and media companies, with activities in mobile and cable telephony services, Internet access, cable television, OTT video services, business telecommunication solutions, broadcasting, soundstage and equipment rental, audiovisual content production and distribution, newspaper publishing and distribution, specialized websites, book and magazine publishing and distribution, rental and distribution of video games and game consoles, music production and distribution, out-of-home advertising, operation and management of a world-class entertainment venue, ownership and management of Québec Major Junior Hockey League ("QMJHL") teams, concert production and management and promotion of sporting and cultural events. Through our Videotron subsidiary, we are a leading mobile and cable communications service provider. We also hold leading positions through our Media segment and our Sports & Entertainment segment in the creation, promotion and distribution of entertainment and news, and in related Internet services that are designed to appeal to audiences in every demographic category. We continue to pursue a convergence strategy to capture synergies within our portfolio of properties and to leverage the value of our content across multiple distribution platforms.

Our subsidiaries operate in the following business segments: Telecommunications, Media and Sports & Entertainment.

Competitive Strengths

Leading Market Positions

We are the largest cable operator in the Province of Québec and the third largest in Canada, in each case based on the number of cable customers. We believe that our strong market position has enabled us to launch and deploy new products and services more effectively. For example, since the introduction of our cable Internet access service, we estimate that we have become the largest provider of such service in the geographic areas we serve. In the mobile telephony segment, we estimate that the Videotron brand currently holds the second largest market share in the geographic areas it serves while it captured the largest market share in terms of gross subscriber additions in 2019. Our extensive proprietary and third-party retail distribution network of stores and points of sale, including the *Le SuperClub Vidéotron* stores, our Videotron-branded stores and kiosks, as well as our Videotron authorized dealers, assists us in marketing and distributing our advanced telecommunications services, such as cable Internet access, digital television and cable and mobile telephony, on a large scale basis. We operate *Le Journal de Montréal* and *Le Journal de Québec*, both of which are ranked first in their market based on the average readership estimates survey published by the Vividata Study. Through our TVA Group subsidiary, we are the largest private sector broadcaster of French-language entertainment, news and public affairs programs in North America in terms of market share and the leading French-language magazine publisher in the Province of Québec.

Diverse Media Platform

Our diverse media platform allows us to extend our market reach and cross-promote our brands, programs and other content. In addition, it allows us to provide advertisers with an integrated solution for multi-platform advertising. We can leverage our content, management, sales and marketing and production resources to provide superior information and entertainment services to our customers.

Differentiated Bundled Services and New Products

Through our technologically advanced cable and wireless network, we offer a differentiated, bundled suite of entertainment, information and communication services, products and content, including digital television, cable Internet access, VOD, Club illico and other interactive television services, as well as residential and commercial cable telephony services using VoIP technology, and mobile telephony services. In addition, we deliver high-quality services and products, including, for example, our standard cable Internet access service which is offered across our footprint and enables our customers to download data, in a portion of our territory, at a speed higher than currently offered by standard DSL technology. We also offer one of the widest range of French-language programming in Canada including content

Table of Contents

from our illico-on-Demand and Club illico services available on illico Digital TV, illico.tv or illico app (for Android and iOS). Customers can interrupt and resume programming at will on any of these three illico platforms.

On September 13, 2018, Videotron launched Fizz, a new mobile and Internet brand that delivers mobile and Internet services featuring advantageous pricing, a fully digital experience and user autonomy. It has been developed to respond to the technological needs and behaviours of Generation Z and millennials and to expand our market share in this business segment. Fizz offers its customers an online community that provides a completely new, 100% digital experience focused on simplicity, autonomy and sharing, thus enhancing the traditional mobile carrier and Internet services.

On August 27, 2019, Videotron unveiled Helix, an IPTV and cloud-enabled video platform based on Comcast's Xfinity X1 platform, which provides customers with integrated search functionalities, including the use of a voice-activated remote control, personalized recommendations and access to, and integration of content from, certain third-party Internet applications, such as Netflix, Amazon Prime Video and YouTube. Videotron has also launched two new mobile applications for its Helix customers: (i) the Helix Fi app, which lets customers control their home Wi-Fi network, set time restrictions for children's Internet use, quickly and easily disconnect a device from the network and, coming soon, control household smart devices; and (ii) the Helix app, which lets users control their cloud DVR remotely, watch live TV as well as a large quantity of on demand content anytime, anywhere. Cloud DVR technology is offered in substantially all of our markets. Cloud DVR technology allows video customers to record programming via their set-top boxes using cloud-based servers and view those recordings on mobile devices via the Helix app.

Advanced Broadband Network

We are able to leverage our advanced broadband network, substantially all of which is bi-directional, to offer a wide range of advanced services, such as digital television, VOD, cable Internet access and cable telephony services. We are committed to maintaining and upgrading our network capacity and, to that end, we currently anticipate that ongoing capital expenditures will continue to be required to accommodate the evolution of our products and services and to meet the demand for increased capacity.

Focused and Highly Reliable Network Cluster

Our single hybrid fibre coaxial clustered network covers approximately 80% of the Province of Québec's total addressable market and nine of the province's top ten urban areas. We believe that our single cluster and network architecture provides many benefits, including a higher quality and more reliable network, the ability to launch and deploy new products and services such as Helix, Club illico and the illico 4K UHD set-top box, and a lower cost structure through reduced maintenance and technical support costs.

Strong, Market-Focused Management Team

We have a strong, market-focused management team that has extensive experience and expertise in a range of areas, including marketing, finance, technology, telecommunications, media, sports and entertainment. Under the leadership of our senior management team, we have, among other things, improved penetration of our subscription-based OTT entertainment service and our mobile telephony services, including through the successful build-out and launch of our mobile telephony network and upgrade to the LTE technology.

Our Strategy

Our objective is to increase our revenues and profitability by leveraging the convergence and growth opportunities presented by our portfolio of leading media assets. We attribute our strong historical results and positive outlook for growth and profitability to an ability to develop and execute forward-looking business strategies. The key elements of our strategy include:

Build on our position as a telecommunications leader with our mobile telephony network. We provide an offering of advanced mobile telecommunications services to consumers and small-, medium- and large-sized businesses that are based on effective, reliable technology, diverse and relevant content and unambiguous business policies. Our LTE network is the cornerstone of a corporate business strategy

Table of Contents

geared toward harnessing all of our creative resources and providing consumers with access to technology, services and information.

Leverage growth opportunities and convergence of content, platforms and operations. We are the largest private sector French-language programming broadcaster in North America, a leading producer of French-language programming, the leading French-language newspaper publisher in the Province of Québec for daily paid newspapers and a leading French-language digital news and information network in the Province of Québec. As a result, we are able to generate and distribute content across a spectrum of media properties and platforms. In addition, these multi-platform media assets enable us to provide advertisers with integrated advertising solutions. We are able to provide flexible, bundled advertising packages that allow advertisers to reach local, regional and national markets, as well as special interest and specific demographic groups. We continue to explore and implement initiatives to leverage growth and convergence opportunities, including efforts to accelerate the migration of content generated by our various publications and television channels to our other media platforms, the sharing of editorial content between our various businesses composing our Media segment, the acquisition and subsequent sharing of content between our various businesses, the development of a strong live event-oriented segment through our Sports and Entertainment segment, including the Videotron Centre, our two QMJHL hockey franchises, the broadcast of hockey games on our TVA Sports channels following an agreement with Rogers and the National Hockey League (“NHL”) whereby TVA Sports became the NHL’s official French-language broadcaster in Canada, the broadcast of soccer games on our TVA Sports channels following our agreement with The Montréal Impact and MLS whereby TVA Sports became the exclusive broadcaster of Montréal Impact games in French, and the integration of advertising assets with the creation of our sales services through Quebecor Media Sales, aimed at developing global, integrated and multi-platform advertising and marketing solutions.

Introduce new and enhanced products and services. We expect a significant portion of the revenue growth in our Telecommunications segment to be driven by the introduction of new products and services (including the recently launched Fizz and Helix) and by the continuing penetration of products and services such as cable Internet access, mobile telephony and OTT video services, as well as HD and UHD television, VOD, and interactive television content of our digital television, Internet and mobile platforms. We believe that the continued penetration rate of these products and services will result in increased ABPU, and we are focusing sales and marketing efforts on the bundling of these value-added products and services.

Cross-promote brands, programs and other content. The geographic overlap of our telecommunications, broadcasting, newspaper and magazine publishing, points of sale, and Internet platforms enables us to cost effectively promote and co-brand media properties. We will continue to promote initiatives to advance these cross-promotional activities, including the cross-promotion of various businesses, cross-divisional advertising and shared infrastructures.

Leverage geographic clustering. Our Videotron subsidiary holds cable licenses that cover approximately 80% of the Province of Québec’s estimated 3.7 million premises. Geographic clusters facilitate bundled service offerings and, in addition, allow us to tailor our offerings to certain demographic markets. We aim to leverage the highly clustered nature of our systems to enable us to use marketing dollars more efficiently and to enhance customer awareness, increase use of products and services and build brand loyalty.

Maximize customer satisfaction and build customer loyalty. Across our media platform, we believe that maintaining a high level of customer satisfaction is critical to future growth and profitability. An important factor in our historical growth and profitability has been our ability to attract and satisfy customers with high quality products and services. We will continue our efforts to maximize customer satisfaction and build customer loyalty, such as leveraging strategic partnerships to offer exclusive promotions, privileges and contests, to enhance our revenue and profitability.

Manage investments through success-driven capital spending, technology improvements and operational leverage. In our Telecommunications segment, we support the growth in our customer base and

Table of Contents

bandwidth requirements through strategic success driven modernizations of our network and increases in network capacity. In addition, we continuously seek to optimize expenses through technology improvements and operational leverage.

Diversification of Revenues. In our Media segment, we believe that diversifying our revenue streams, which are heavily dependent on the advertising carried by our conventional television network, is critical to future growth and profitability and we will thus continue to explore investments in businesses that are expected to diversify our revenue streams as a growth strategy.

Telecommunications

Through Videotron, we are the largest cable operator in the Province of Québec and the third largest in Canada, in each case based on the number of cable customers, as well as an Internet service provider and a provider of cable and mobile telephony and OTT video services in the Province of Québec. Our cable network is the largest broadband network in the Province of Québec covering approximately 80% of the Province of Québec's estimated 3.7 million premises. The deployment of our LTE-A and 5G wireless networks and our enhanced offering of mobile communication services for residential and business customers will allow us to further consolidate our position as a provider of integrated telecommunication services as well as an entertainment and content leader. Our products and services are supported by the latest coaxial, fibre-optic and wireless technologies. Through roaming agreements with hundreds of domestic and international network operators, our customers benefit from extensive coverage in Canada and throughout the world.

Videotron Business is a premier full-service telecommunications provider servicing small-, medium- and large-sized businesses, as well as telecommunications carriers. In recent years, we have significantly grown our customer base and have become a leader in the Province of Québec's business telecommunications segment. Products and services include cable television, Internet access, telephony solutions, mobile services and business solutions products such as private network connectivity, Wi-Fi, audio and video transmission. It also includes Fibrenoire, a company that provides fibre-optic connectivity services. This enables Videotron Business to meet the growing demand from business customers for fibre-optic connectivity.

We own a 100% voting and 100% equity interest in Videotron.

We are also engaged in retail activities and rental of the suite of Videotron products and services through our Videotron-branded stores and kiosks, our authorized dealership network and our *Le SuperClub Videotron* subsidiary.

Products and Services

Videotron currently offers to its customers cable services, mobile telephony services, OTT video services and business telecommunications services.

Cable Services

Our coaxial and fibre-optic network large bandwidth is a key factor in the successful delivery of advanced products and services. Several emerging technologies and increasing Internet usage by our customers have presented us with significant opportunities to expand our sources of revenue. We currently offer a variety of advanced products and services, including cable Internet access, digital multiplatform television, residential telephony and selected interactive services. On August 27, 2019, Videotron launched Helix, an IPTV and cloud-enabled video platform based on Comcast's Xfinity X1 platform, which provides customers with integrated search functionalities, including the use of a voice-activated remote control, personalized recommendations and access to, and integration content from, certain third-party Internet applications and, coming soon, support for home automation, all tailored to individual customer needs and preferences.

Cable Internet Access. Leveraging our advanced cable infrastructure, we offer cable Internet access to our customers primarily via cable modems. We provide this service at download speeds of up to 400 Mbps to more than 99% of our homes passed. As of December 31, 2019, we had 1,727,300 cable Internet access customers, representing 58.6% of our total homes passed. Based on internal estimates, we are the largest

Table of Contents

provider of Internet access services in the areas we serve with an estimated market share of 51% as of December 31, 2019.

Cable Television. We currently have installed headend equipment connected to a unified fibre-optic and coax network capable of delivering digitally encoded transmissions to a two-way digital gateway in the customer's home and premises. In accordance with CRTC regulations, we offer a basic package including 23 basic television channels, access to VOD and an interactive programming guide.. Furthermore, all of our custom packages include the basic package, 52 audio channels providing digital-quality music, 37 FM radio channels and an interactive programming guide. Our extended digital television offering allows customers to customize their choices with the ability to choose between custom or pre-assembled packages with a selection of 390 additional channels, including U.S. super-stations and other special entertainment programs. This also offers customers significant programming flexibility including the option of French-language only, English-language only or a combination of French- and English-language programming, as well as many foreign-language channels. As of December 31, 2019, we had 1,531,800 customers for our digital television service, representing 51.9% of our total homes passed.

Cable Telephony. We offer cable telephony service to our residential customers using VoIP technology. As of December 31, 2019, we had 1,027,300 subscribers to our cable telephony service, representing a penetration rate of 34.8% of our homes passed.

Video-On-Demand. VOD service enables our customers to rent content from a library of movies, documentaries and other programming through their digital gateway, computer, tablet or mobile phone. Our customers are able to rent their VOD selections for a period of up to 48 hours, which they are then able to watch at their convenience with full stop, rewind, fast forward, pause and replay functionality during their rental period. In addition, customers can resume viewing on-demand programming that was paused on either the television or mobile app offered on the iOS and Android platforms. These applications feature a customizable, intuitive interface that brings up selections of content based on the customer's individual settings and enhances the experience by suggesting personalized themed content. These applications smartly and swiftly highlight any content available from the illico and Helix catalog as well as third party catalogs such as Netflix (provided customers have a subscription with such service), including VOD titles, live television broadcasts or recorded shows, and allow customers to transfer it directly and seamlessly from their mobile devices to their television.

Pay-Per-View and pay television channels. Pay-Per-View is a group of channels that allows our digital customers to order live events, such as sports events, and comedy shows based on a pre-determined schedule. In addition, we offer pay television channels on a subscription basis that allows our customers to access and watch most of the movies available on the linear pay TV channels these customers subscribe to.

Helix. On August 27, 2019, Videotron launched its new IPTV service, Helix - a new technology platform based on the Comcast Xfinity X1 platform. Helix is built around voice-controlled assistant technology. Helix offers a smarter and more powerful Wi-Fi coverage, an enhanced TV experience through IP technology, seamless integration of Web content platforms and, coming soon, home automation services. Videotron has also launched two new mobile apps for their Helix customers: (i) Helix, which lets users control their cloud DVR remotely, watch live TV as well as a large quantity of on demand content anytime, anywhere; and (ii) Helix Fi, which lets customers control their home Wi-Fi network, set time restrictions for children's Internet usage by quickly and easily managing a device connection on the household network. In addition, the Helix Fi app will soon give customers the control of their household smart devices.

Mobile Services

In the context of the spectrum auction that ended on July 21, 2008, Videotron acquired 17 AWS-1 spectrum licenses covering the province of Québec, Eastern Ontario and the Greater Toronto Area. The AWS-1 spectrum licenses in the Greater Toronto Area were subsequently sold to Rogers in 2017.

Table of Contents

On September 9, 2010, Videotron launched its High Speed Packet Access (“HSPA”) mobile communication network (3G) which was upgraded to HSPA+ (4G), on June 30, 2011.

In 2013, Videotron signed a 20-year agreement with Rogers for the cooperation and collaboration in the build-out and operation of a shared LTE wireless network in the Province of Québec and the Ottawa region (the “**Rogers LTE Agreement**”). In September 2014, Videotron launched its shared LTE wireless network, with Rogers. This shared network delivers an optimal user experience for consumers and businesses. Videotron maintains its business independence throughout this agreement, including its product and service portfolios, billing systems and customer data.

In April 2014, Videotron added Apple’s mobile devices, including the iPhone, to its extensive line-up of mobile handsets, thus enabling Videotron to reach a significantly untapped segment of its addressable market, in particular the young mobile users. Subsequently, Videotron launched applications for the iOS operating system.

In August 2015, Videotron launched the Unlimited Music service, which allowed some mobile customers to stream music through the most popular online platforms without using data from their mobile plan. On April 20, 2017, the CRTC ordered Videotron to stop offering unlimited data to its customers and consumers for streaming or listening to music by July 19, 2017. This deadline was later extended to August 4, 2017.

In the 700 MHz auction held in 2014, Videotron acquired a package of seven spectrum licenses consisting of a single paired 5+5 MHz spectrum block in the upper 700 MHz band over a geographic territory which encompasses the provinces of Québec, Ontario (excluding the region of Northern Ontario), Alberta and British Columbia (the spectrum licenses outside Québec were subsequently sold to Shaw in 2017). The 700 MHz band presents certain superior propagation characteristics and benefits from well-developed LTE equipment and device ecosystems in North America. The 700 MHz band enhances Videotron’s ability to maintain a leading edge and a high performance wireless network in the Province of Québec.

In the ISED auction for AWS-3 commercial mobile spectrum held on March 3, 2015, Videotron acquired four 30 MHz licenses for Eastern Québec, Southern Québec, Northern Québec and Eastern Ontario / Outaouais, covering 100% of the population of the Province of Québec and the Ottawa region. This spectrum, which supports LTE technology, further enhances Videotron’s ability to maintain a leading-edge, high performance wireless network in the Province of Québec and in the Ottawa region.

On May 12, 2015, after the closing of ISED’s auction for 2500 MHz commercial mobile spectrum, Videotron was declared the successful bidder for 18 licenses covering all of the Province of Québec as well as the major urban centres in the rest of Canada, including Toronto, Ottawa, Calgary, Edmonton and Vancouver (the 2500 MHz spectrum licenses outside Québec were subsequently sold to Shaw in 2017).

Since May 13, 2015, the coverage of our LTE network was expanded coast-to-coast through roaming agreements with other wireless service providers.

On June 20, 2017, pursuant to the Rogers LTE Agreement, Videotron exercised its option to sell its AWS-1 spectrum license in the Greater Toronto Area to Rogers for \$184.2 million.

On July 24, 2017, Videotron sold seven 2500 MHz and 700 MHz wireless spectrum licenses outside Québec to Shaw for a cash consideration of \$430.0 million, which licenses had been awarded to Videotron in the 2014 and 2015 ISED auction for the 700 MHz and the 2500 MHz wireless spectrum licenses, respectively.

Videotron kept its wireless spectrum licenses (Band 4 — AWS-1, Band 66 — AWS3, Band 7 — 2500MHz and Band 13 — 700MHz) for the Province of Québec and Eastern Ontario.

In the ISED auction for commercial mobile spectrum held on April 10, 2019, Videotron purchased ten blocks of low-frequency spectrum in the 600 MHz band covering Eastern, Southern and Northern Québec as well as the Outaouais and Eastern Ontario areas. The 600 MHz band is the first of the three bands suitable for fifth-generation (5G) networks to be put up for auction in Canada. With the acquisition of these licenses, Videotron is better positioned for the upcoming deployment of 5G wireless services. The licenses purchased by Videotron increase its low-frequency portfolio by 300% in most parts of Québec. Low-frequency bands have a longer range and an increased capacity to penetrate buildings in urban

Table of Contents

areas. Videotron now has a total of 130 MHz of mobile spectrum in most regions of Québec and 90 MHz in the Ottawa area, spread across the AWS-1, AWS-3, 600 MHz, 700 MHz and 2500 MHz bands.

As of December 31, 2019, most households and businesses on our cable footprint had access to our advanced mobile services. As of December 31, 2019, there were 1,330,500 lines activated on our wireless network, representing a year-over-year increase of 176,700 lines (15.3 %).

Club illico

Our subscription based OTT entertainment service, Club illico, offers a rich and varied selection of unlimited, on-demand French-language content (movies, television shows, children's shows, teen series, documentaries, comedy performances and concerts). In its efforts to offer original content to its customers, Club illico funds the production of series, documentaries, movies and shows for which it holds first window rights, prior to their linear broadcast. Club illico boasts over 500 million viewings since its launch in 2013, making it an uncontested leader in the Québec on-demand video entertainment landscape. On November 15, 2017, Videotron launched the Club illico mobile application. As of December 31, 2019, 187,400 customers had downloaded this application.

On December 31, 2019, the Club illico service had 459,300 subscribers.

Business Telecommunications Services

Videotron Business is a premier telecommunications service provider, offering reliable and state-of-the-art mobile telephony, Internet access, telephony solutions, data and cable television solutions to all business segments: small and medium-sized companies, large corporations and other telecommunications carriers.

Videotron also offers fibre-optic connectivity services through its wholly owned subsidiary Fibrenoire.

Videotron Business serves customers through a dedicated salesforce and customer service teams with solid expertise in business market. Videotron Business relies on its extensive coaxial, fibre-optic and LTE wireless networks to provide the best possible customized solutions to all of its customers.

Customer Statistics Summary

The following table summarizes our customer statistics for our suite of advanced products and services:

	As of December 31,				
	2019	2018	2017	2016	2015
	(in thousands of customers)				
Revenue-generating units (RGUs)	6,076.2	5,990.3	5,881.1	5,765.4	5,647.5
Mobile Telephony					
Mobile telephony lines	1,330.5	1,153.8	1,024.0	893.9	768.6
Cable Internet					
Cable Internet customers	1,727.3	1,704.5	1,666.5	1,612.8	1,568.2
Penetration ⁽¹⁾	58.6%	58.6%	58.0%	56.8%	55.9%
Cable Television					
Basic customers ⁽²⁾	1,531.8	1,597.3	1,640.5	1,690.9	1,736.9
Penetration ⁽¹⁾	51.9%	54.9%	57.1%	59.6%	61.9%
Digital customers ⁽³⁾	1,531.8	1,597.3	1,640.5	1,587.1	1,570.6
Penetration ⁽⁴⁾	100%	100%	100.0%	93.9%	90.4%
Cable Telephony					
Cable telephony lines	1,027.3	1,113.9	1,188.5	1,253.1	1,316.3
Penetration ⁽¹⁾	34.8%	38.3%	41.4%	44.1%	46.9%
Club illico					
Over-the-top video customers	459.3	420.8	361.6	314.7	257.5
Homes passed⁽⁵⁾	2,950.1	2,907.9	2,873.7	2,839.3	2,806.0

Table of Contents

-
- (1) Represents customers (or telephony lines) as a percentage of total homes passed.
 - (2) Basic customers are customers who receive basic cable service in either the analog or digital mode and IPTV services.
 - (3) At the end of 2017, substantially all subscribers to the analog cable television service had migrated to digital service.
 - (4) Represents customers for the digital service as a percentage of basic customers.
 - (5) Homes passed means the number of residential premises, such as single dwelling units or multiple dwelling units, and commercial premises passed by our cable television distribution network in a given cable system service area in which the programming services are offered.

Pricing of our Products and Services

Our revenues are derived from the monthly fees our customers pay for cable television, Internet access and mobile and cable telephony services, as well as Club illico. The rates we charge vary based on the market served and the level of service selected. Rates are usually adjusted annually. We also offer discounts to our customers who subscribe to more than one of our services, when compared to the sum of the prices of the individual services provided to these customers. As of December 31, 2019, the average monthly invoice on recurring subscription fees per residential customer was \$116.54 (representing a 3.3% year-over-year decrease) and approximately 72% of our customers were bundling two services or more. A one-time installation fee, which may be waived in part during certain promotional periods, is charged to new customers. Monthly instalment payments for equipment, such as gateways or Wi-Fi routers, can be charged depending on the promotional offer.

Our Network Technology

Cable Services

As of December 31, 2019, our cable network consisted of fibre-optic cable and of coaxial cable, covering approximately 2.9 million homes and serving approximately 2.4 million customers in the Province of Québec. Our network is the largest broadband network in the Province of Québec covering approximately 80% of premises. Our extensive network supports direct connectivity with networks in Ontario, the Maritimes and the United States.

Our cable television network is comprised of four distinct parts including signal acquisition networks, main headends, distribution networks and subscriber drops. The signal acquisition network picks up a wide variety of television, radio and multimedia signals. These signals and services originate from either a local source or content provider or are picked up from distant sites chosen for satellite or over-the-air reception quality and transmitted to the main headends by way of fibre-optic relay systems. Each main headend processes, modulates, scrambles and combines the signals in order to distribute them throughout the network. Each main headend is connected to the primary headend in order to receive the digital MPEG2/MPEG4 signals and the IP backbone for the Internet services. The first stage of this distribution consists of a fibre-optic link which distributes the signals to distribution or secondary headends. After that, the signal uses the hybrid fibre coaxial cable network made of wide-band optical nodes, amplifiers and coaxial cables capable of serving up to 30 km in radius from the distribution or secondary headends to the subscriber drops. The subscriber drop brings the signal into the customer's television set directly or, depending on the area or the services selected, through various types of customer equipment including set-top boxes, gateways and modems.

We have adopted the hybrid fibre coaxial ("HFC") network architecture as the standard for our network. HFC network architecture combines the use of both fibre-optic and coaxial cables. Fibre-optic cable has good broadband frequency characteristics, noise immunity and physical durability and can carry hundreds of video and data channels over extended distances. Coaxial cable requires greater signal amplification in order to obtain the desired transmission levels for delivering channels. In most systems, we deliver our signals via fibre-optic cable from the headend to a group of optical nodes and then via coax to the homes passed served by the nodes. We build our network by implementing cells of 125 homes. As a result of the modernization of our network, our network design now provides for average cells of 163 homes throughout our footprint. To allow for this configuration, over the years, secondary headends were put into operation in the Greater Montréal Area, in the Greater Québec City Area and in the Greater Gatineau City Area. Remote secondary headends must also be connected with fibre-optic links. From the secondary headends to the

Table of Contents

homes, the customer services are provided through the transmission of a radiofrequency (“RF”) signal which contains both downstream and upstream information (two-way). The loop structure of the two-way HFC networks brings reliability through redundancy, the cell size improves flexibility and capacity, while the reduced number of amplifiers separating the home from the headend improves signal quality and reliability. The HFC network design provided us with significant flexibility to offer customized programming to individual cells.

Starting in 2008, and on-going until year end 2019, an extensive network modernization effort took place in the Greater Montréal Area, in the Greater Québec City Area and in the Greater Gatineau City Area in order to meet the ever expanding service needs of the customer in terms of video, telephony and Internet access services. This modernization implied an extension of the upper limit of the RF spectrum available for service offerings and a deep fibre deployment, which significantly extended the fibre portion in the HFC network (thereby reducing the coax portion). Additional optical nodes were systematically deployed to increase the segmentation of customer cells, both for upstream and downstream traffic. This modernization initiative resulted in (i) a network architecture where the segmentation for the upstream traffic is for 125 homes while that for the downstream traffic is set to 250 (which can evolve to 125 homes), and (ii) the availability of a 1 GHz spectrum for service offerings. The robustness of the network is greatly enhanced (there is much less active equipment in the network such as RF amplifiers for the coax portion), the service offering potential and customization to the customer base is significantly improved (through the extension of the spectrum to 1 GHz and the increased segmentation) and allows much greater speeds of transmission for Internet services which are presently unrivalled. The RF spectrum is set with digital information using quadrature amplitude modulation. MPEG video compression techniques and the DOCSIS protocol allow us to provide a great service offering of standard definition, HD and now UHD video, as well as complete voice and Internet services.

Videotron currently uses the latest CableLabs DOCSIS 3.1 standard on its network. DOCSIS 3.1 is a new-generation technology developed by the CableLabs consortium, of which Videotron is a member. DOCSIS 3.1 uses Orthogonal Frequency-Division Multiplexing (OFDM) modulation and Low-Density Parity Check (LDPC) correction algorithm that provide better resiliency to RF interference and increase throughput for the same spectrum, i.e. increase Mbps/MHz. DOCSIS 4.0 specifications have been made available and this technology will potentially deliver speeds of up to 10 Gbps for downloads and up to 1 Gbps for uploads.

Our strategy of maintaining a leadership position in respect of the suite of products and services that we offer and launching new products and services requires investments in our network to support growth in our customer base and increases in bandwidth requirements. 86% of our network in the Province of Québec has been upgraded to a bandwidth of 1002 MHz, the remaining of our network being at 750 MHz. Also, in light of the greater availability of HD and UHD television programming and the ever increasing speed of Internet access, further investments in our network will be required.

Fibre-optic technology has been used extensively in our network as part of our HFC architecture. We currently deliver our signals via fibre-optic cable from the headend to a group of optical nodes and then via coax to the homes passed served by the nodes. Based on an already fibre-deep network, the growing demand for transmission speed and capacity, and the rapid price erosion of fibre optic-based distribution technology, we have introduced a Fibre to the home (“FTTH”) solution for our residential customers.

Our FTTH solution uses the Passive Optical Network (“PON”) fibre-optic telecommunications technology for delivering high speed/high capacity broadband access to our customers. Its architecture is based on a point-to-multipoint topology, in which a single optical fibre serves multiple endpoints by using unpowered (passive) fibre-optic splitters to divide the fibre bandwidth among multiple terminals. More precisely, we use the IEEE Ethernet PON (“EPON”) version with capabilities evolving from 10Gbps to many tens of Gbps.

EPON takes also advantage of DOCSIS Provisioning of Ethernet Passive Optical Network, or DPoE. DPoE is a set of Cable Television Laboratory specifications that implement the DOCSIS Operations Administration Maintenance and Provisioning functionality on existing EPON equipment. It makes the EPON look and act like a DOCSIS platform, facilitating the migration of existing services.

Our FTTH deployment will be progressive. Expansion (greenfield) deployment for new constructions will be mostly FTTH while existing areas will be migrated based on capacity requirements.

Table of Contents

Mobile Services

As of December 31, 2019, our shared LTE network reached 94% of the population of the Province of Québec and the Greater Ottawa Area, allowing the vast majority of our potential clients to have access to the latest mobile services. Almost all of our towers and transmission equipment are linked through our fibre-optic network using a multiple label switching — or MPLS — protocol. We plan to continue developing and enhancing our mobile technological offering by densifying network coverage and increasing download speeds. Our network is designed to support important customer growth in coming years as well as rapidly evolving mobile technologies. On October 20, 2017, we introduced the Voice over LTE (VoLTE) feature, a new generation of mobile voice services providing eligible users with improved indoor coverage and faster call routing and, on calls between Videotron customers, enabling users to experience HD sound quality on the LTE network.

Our strategy in the coming years is to build on our position as a telecommunication leader with our LTE mobile services and to keep the technology at the cutting edge as it continues to evolve rapidly and new market standards such as LTE-A and heterogeneous networks are being deployed. Videotron is exploring 4.5G and 5G services. In doing so, Videotron has created a partnership with an equipment manufacturer, engineering universities and the *Société du Quartier de l'Innovation de Montréal*. Together with its partners, Videotron has established the first Open-Air Smart Living Laboratory in Canada. This laboratory, in collaboration with start-ups and established enterprises, tests the many facets of innovations associated with the emerging industry revolving around fifth-generation (5G) telecommunications.

On December 13, 2019, following an exhaustive request for proposal process, Videotron selected Samsung as its LTE-A and 5G network equipment provider. This deal will allow Videotron's subscribers to experience the latest LTE-A and 5G network services by late 2020.

During 2019, Videotron maintained its HSPA+ network throughout the Province of Québec and over the Greater Ottawa Area. Our HSPA+ customers continue to migrate to our advanced LTE network.

Marketing and Customer Care

Our long term marketing objective is to increase our cash flow through deeper market penetration of our services, development of new services and revenue and operating margin growth per customer. We believe that customers will come to view their cable and IP connection as the best distribution channel to their home for a multitude of services. To achieve this objective, we are pursuing the following strategies:

develop attractive bundle offers to encourage our customers to subscribe to two or more products, which increases average billing per unit — or ABPU — customer retention and operating margins;

continue to rapidly deploy advanced products on all our services — cable, Internet access, telephony, Club illico and mobile — to maintain and increase our leadership and consequently, to gain additional market share;

design product offers that provide greater opportunities for customer entertainment and information;

deploy strong retention strategies aiming to maintain our existing customer base and to maintain our ABPU;

develop targeted marketing programs to attract former customers and households that have never subscribed to certain of our services and customers of alternative or competitive services as well as target specific market segments;

enhance the relationship between customer service representatives and our customers by training and motivating customer service representatives to promote advanced products and services;

leverage the retail presence of our Videotron-branded stores and kiosks, Le SuperClub Vidéotron, third-party commercial retailers, and authorized distributors;

Table of Contents

maintain and promote our leadership in content and entertainment by leveraging the wide variety of services offered within the Quebecor Media group to our existing and future customers;

introduce new value added packages of products and services, which we believe will increase ABPU and improve customer retention;

leverage our business market, using our network and expertise with our commercial customer base, to offer additional bundled services to our customers; and

develop new products, services and digital platforms to respond to the technological needs and continuously evolving consumer behaviours.

We continue to invest time, effort and financial resources in marketing new and existing services. To increase both customer penetration and the number of services used by our customers, we use integrated marketing techniques, including door-to-door solicitation, telemarketing, drive-to-store, media advertising, e-marketing, Short Message Service (SMS) and direct mail solicitation. Those initiatives are also strongly supported by business intelligence tools such as predictive churn models.

Maximizing customer satisfaction is a key element of our business strategy. In support of our commitment to customer satisfaction, we offer the service of dedicated, knowledgeable and well-trained technical experts which we call our “PROS”, the primary mission of which is to support our customers by helping them get the most out of what Videotron has to offer. Through personalized demonstration sessions, the PROS provide customers with continued customer service after subscription has been made. We continue to provide a 24-hour customer service hotline seven days a week across most of our systems, in addition to our web-based customer service capabilities. All of our customer service representatives and technical support staff are trained to assist customers with all of our products and services, which in turn allows our customers to be served more efficiently and seamlessly. Our customer care representatives continue to receive extensive training to perfect their product knowledge and skills, which contributes to retention of customers and higher levels of customer service. We utilize surveys, focus groups and other research tools to assist us in our marketing efforts and anticipate customer needs. To increase customer loyalty, we are also starting to leverage strategic partnerships to offer exclusive promotions, privileges and contests which contribute in expanding our value proposition to our customers.

Programming

We believe that offering a wide variety of conveniently scheduled programming is an important factor in influencing a customer’s decision to subscribe to, and retain, our cable services. We devote resources to obtaining access to a wide range of programming that we believe will appeal to both existing and potential customers. We rely on extensive market research, customer demographics and local programming preferences to determine our channel and package offerings. The CRTC currently regulates the distribution of foreign content in Canada and, as a result, we are limited in our ability to provide such programming to our customers. We obtain basic and premium programming from a number of suppliers, including all major Canadian media groups.

Our programming contracts generally provide for a fixed term of up to five years, and are subject to negotiated renewal. Programming tends to be made available to us for a flat fee per customer. Our overall programming costs have increased in recent years and may continue to increase due to factors including, but not limited to, additional programming being provided to customers as a result of system rebuilds that increase channel capacity, increased costs to produce or purchase specialty programming, inflationary or negotiated annual increases, the concentration of broadcasters following acquisitions in the market, the increased competition from OTT service providers for content and the significant increased costs of sports content rights.

Competition

We operate in a competitive business environment in the areas of price, product and service offerings and service reliability. We compete with other providers of television signals and other sources of home entertainment. Due to ongoing technological developments, the distinctions among traditional platforms (broadcasting, Internet, and telecommunications) are fading rapidly. The Internet as well as mobile devices are becoming important broadcasting and

Table of Contents

distribution platforms. In addition, mobile operators are now offering wireless and fixed wireless Internet services and our VoIP telephony service is also competing with Internet-based solutions.

Providers of Other Entertainment. Cable systems face competition from alternative methods of distributing and receiving television signals and from other sources of entertainment such as live sporting events, movie theatres and home video products, including digital recorders, OTT content providers, such as Netflix, Amazon Prime Video, Disney+ and Apple TV+, Blu-ray players and video games. The extent to which a cable television service is competitive depends in significant part upon the cable system's ability to provide a greater variety of programming, superior technical performance and superior customer service that are available through competitive alternative delivery sources. Club illico, our subscription based OTT platform offering a rich and varied selection of unlimited on-demand content, allows us to reduce the effect of competition from alternative delivery sources, as well as to reduce churn, and is a market differentiating factor for customers seeking additional content and home entertainment.

DSL. The deployment of DSL technology provides customers with Internet access at data transmission speeds greater than that available over conventional telephone lines. DSL service provides access speeds that are comparable to low-to-medium speeds of cable-modem Internet access but that decrease with the distance between the DSL modem and the line card.

FTTN and FTTH. Fibre to the neighborhood (“FTTN”) technology addresses the distance limitation by bringing the fibre closer to the end user. The last mile is typically provided by the DSL technology. FTTH brings the fibre up to the end user location. The speed is then limited by the end equipment rather than the medium (fibre) itself.

Internet Video Streaming. The continuous technology improvement of the Internet, combined with higher download speeds and its affordability, favors the development and deployment of alternative technologies such as digital content offered by OTT service providers through various Internet streaming platforms. While having a positive impact on the demand for our Internet access services, this model could adversely impact the demand for our cable television services.

VDSL. VDSL technology increases the available capacity of DSL lines, thereby allowing the distribution of digital video. Multi-system operators are now facing competition from ILECs, which have been granted licenses to launch video distribution services using this technology, which operates over copper phone lines. The transmission capabilities of VDSL will be significantly boosted with the deployment of technologies such as vectoring (the reduction or elimination of the effects of far-end crosstalk) and twisted pair bonding (use of additional twisted pairs to increase data carriage capacity). ILECs have already replaced many of their main feeds with fibre-optic cable and are positioning VDSL transceivers, a VDSL gateway, in larger multiple-dwelling units, in order to overcome the initial distance limitations of VDSL. With this added capacity, along with the evolution of compression technology, VDSL-2 will offer significant opportunities for services and increase its competitive threat against other multi-system operators.

Direct Broadcast Satellite. DBS is also a competitor to cable systems. DBS delivers programming via signals sent directly to receiving dishes from medium and high-powered satellites, as opposed to cable delivery transmissions. This form of distribution generally provides more channels than some of our television systems and is fully digital. DBS service can be received virtually anywhere in Canada through the installation of a small rooftop or side-mounted antenna. Like digital cable distribution, DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their customers.

Mobile Telephony Services. With our mobile network, we compete against a mix of participants, some of them being active in some or all the products we offer, while others only offer mobile services in our market. The Canadian incumbents have deployed their LTE networks and this technology has become an industry standard. These incumbents are currently upgrading their networks with a view to launch 5G mobile services.

Table of Contents

Private Cable. Additional competition is posed by satellite master antenna television systems known as “SMATV systems” serving multi dwelling units, such as condominiums, apartment complexes, and private residential communities.

Wireless Distribution. Cable television systems also compete with wireless program distribution services such as MMDS. This technology uses microwave links to transmit signals from multiple transmission sites to line-of-sight antennas located within the customer’s premises.

Grey and Black Market Providers. Cable and other distributors of television signals continue to face competition from the use of access codes and equipment that enable the unauthorized decoding of encrypted satellite signals, from unauthorized access to our analog and digital cable signals (black market) and from the reception of foreign signals through subscriptions to foreign satellite television providers that are not lawful distributors in Canada (grey market).

Telephony Service. Our cable telephony service competes against ILECs and other telephony service providers, VoIP telephony service providers and mobile telephony service providers.

Third Party Internet Service Providers (“ISPs”). In the Internet access business, cable operators compete against third party ISPs offering residential and commercial Internet access, as well as VoIP and video distribution services. The CRTC requires the large Canadian incumbent cable operators to offer access to their high-speed Internet network to competitive Internet service providers at mandated rates.

Retail Sector

Our retail network is both a showcase and a valuable and cost-effective distribution network for Videotron’s growing array of advanced products and services, such as cable Internet access, digital television and cable and mobile telephony. Through Le SuperClub Vidéotron, we are a franchisor of video and video game rental stores in the Province of Québec. We had a total of 24 retail locations as of December 31, 2019, with 22 of these retail locations also offering our suite of telecommunication services and products.

Media

Our Media segment is dedicated to entertainment and news media which includes the operations of TVA Group, MediaQMI, Quebecor Media Out-of-Home, Quebecor Media Network, Quebecor Media Printing and NumériQ. Our Media segment has activities in broadcasting, film production and audiovisual services, production and distribution of television content, magazine publishing, newspaper publishing and other media related operations.

Quebecor Media owns 68.37% of the equity interest and controls 99.97% of the voting power in TVA Group. Quebecor Media also owns 100% of the voting and equity interests of MediaQMI, Quebecor Media Network, Quebecor Media Printing and NumériQ.

Products and Services

Broadcasting

Through TVA Group, we operate the largest French-language private television network in North America. TVA Group is the sole owner of six of the ten television stations composing Réseau TVA (“**TVA Network**”) and a portfolio of specialty channels, namely LCN, TVA Sports, addikTV, Prise 2, YOOPA, CASA and MOI ET CIE, and operates two additional specialty channels since acquiring the ultimate effective control of Évasion and Zeste on February 13, 2019. Each of those specialty channels operates a website, including www.tvanouvelles.ca and www.tvaspports.ca which are the two most visited websites of TVA Group. TVA Group also holds interests in two TVA Network affiliates. In addition to linear television, the TVA Network and some specialty channels broadcast on-demand and streaming content through their multiplatform applications. Through various subsidiaries and divisions, TVA Group also provides commercial production services.

Table of Contents

According to data published by Numeris (which is based on a measurement methodology using audiometry), we had a 38.4% market share of French-speaking viewers in the Province of Québec for the period from January 1, 2019 through December 31, 2019, compared to 37.7 % for the same period from the previous year.

For the period from January 1, 2019 through December 31, 2019, according to Numeris data, the TVA Network remained in the lead with a 23.7% market share, more than the combined market share of its two main over-the-air competitors. TV Programs such as *LaVoix* with an audience of nearly 2.0 million viewers, as well as many original productions that surpassed the one-million-viewer mark, including the new series *Alerte Amber*, which stood out with an average audience of over 1.5 million viewers, played a major role in TVA Network's success. The TVA Network is included in the basic channel line-up of most broadcasting distribution undertakings ("BDUs") across Canada, thus enabling it to reach a significant portion of the French-speaking population of Canada outside the Province of Québec.

Canadian Television Industry Overview

Canada has a well-developed television market that provides viewers with a range of viewing alternatives. The television market has been affected by audience fragmentation across the various content delivery platforms, including the Internet and VOD, as well as the arrival of a large number of specialized services.

There are three main French-language broadcast networks in the Province of Québec: Société Radio-Canada, "V" and TVA Network. In addition to French-language programming, there are three English-language national broadcast networks in the Province of Québec: the Global Television Network, CTV and the Canadian Broadcasting Corporation, known as CBC. Global Television Network, V and CTV are privately held and are commercial networks. CBC and Société Radio-Canada are government owned and financed by a combination of federal government grants and advertising revenues. French-language viewers in the Province of Québec also have access to certain U.S. networks. In the area of specialty television broadcasting in the Province of Québec, our main competitors are Société Radio-Canada, Bell Media and Corus.

The following table sets forth the market share of French speaking viewers in the Province of Québec as of December 31, 2019:

Network	Share of Province of Québec Television
French-language conventional broadcasters:	
TVA Network	23.7%
Société Radio-Canada	12.6%
V	5.5%
TOTAL	41.8%
French-language specialty and pay services:	
TVA Group's French-language specialty TV	14.7%
Bell Media	14.4%
Corus	7.1%
Société Radio-Canada	5.0%
Others	5.0%
TOTAL	46.2%
Total English-language channels and others:	
TVA Group Total Share	38.4%

Source: Numeris — French Québec, January 1 to December 31, 2019, Mon-Sun, 2:00 — 2:00, All 2+

Table of Contents

TVA Network

TVA Network is our French-language network consisting of ten stations, of which six are owned and four are affiliated stations. TVA Network is available to a significant portion of the French speaking population in Canada.

Our owned and operated stations include: CFTM-TV in Montréal, CFCM-TV in Québec City, CHLT-TV in Sherbrooke, CHEM-TV in Trois-Rivières, CFER-TV in Rimouski, Matane, Sept-Iles and CJPM-TV in Saguenay/Lac-St-Jean. Our four affiliated stations are CFEM-TV in Rouyn, CHOT-TV in Gatineau, CHAU-TV in Carleton and CIMT-TV in Rivière-du-Loup. We own a 45% interest of the latter two. A substantial portion of TVA Network's broadcast schedule is originated from our main station in Montréal. Our signal is transmitted from transmission and retransmission sites authorized by ISED and licensed by the CRTC and is also retransmitted by satellite elsewhere in Canada as a distant signal by various modes of authorized distribution: cable, direct-to-home satellite distribution and wireless MMDS.

In 2016, we launched the revamped www.tva.ca website and the TVA mobile app, which give users free access to TVA Network programs and certain content from the specialty channels in high definition, live or on demand. The website and app also offer a number of other functionalities, including the possibility to catch up on shows from the previous seven days, watch exclusive original content, pause and resume play on a different screen and receive customized suggestions.

Television Specialty Broadcasting

Through various subsidiaries, we control the following nine specialty services: *LCN*, a French-language all news service, *TVA Sports*, a French-language specialty television service devoted to sports, *addik^{TV}*, a French-language specialty television service dedicated to the presentation of popular Canadian and American movies and television series, *Prise 2*, a French-language specialty television service devoted to the Province of Québec and American television classics, *MOI ET CIE*, a French-language specialty television service featuring poignant docu-reality and dramatic series, *CASA*, a French-language specialty television service devoted to real estate, renovation, decoration and cooking, *YOOPA*, a French-language specialty television service aimed exclusively at kids, preschoolers and their families, *Évasion*, a French-language travel and tourism service and *Zeste*, a French-language service which brings together daily cooking and recipes, culinary competitions, epicurean adventures around the world and gastronomic discoveries. Each of our specialty channels has its own dedicated website and TVA Sports and TVA Nouvelles have their own mobile app. In 2019, we launched the TVA Sports Direct platform which gives users access to content in high definition from TVA Sports, live or on demand, by paying a subscription fee.

On November 26, 2013, Quebecor announced an agreement with Rogers and the NHL whereby TVA Sports became the NHL's official French-language broadcaster in Canada. The 12-year agreement began with the 2014-15 season. Among other things, TVA Sports obtained broadcast rights to 22 Montréal Canadiens regular season games, exclusive French-language broadcast rights to all playoff games (including those involving the Montréal Canadiens) and the Stanley Cup final, as well as broadcast rights to all national games involving Canadian teams and up to 160 games between American NHL teams, and a number of NHL special events, including the All-Star Game and the draft.

On January 10, 2017, TVA Sports became the exclusive broadcaster of the Montréal Impact games in French, as well as an official broadcaster of MLS for the next five years. In 2018, the agreement with MLS was extended by one additional year until 2022.

TVA Sports thus broadcasts all Montréal Impact regular season and playoff games. As an official broadcaster of MLS, the sports channel also presents the MLS All-Star Game, along with the MLS Cup Playoffs and the MLS Cup final.

On May 3, 2018, TVA Sports became the official French-language broadcaster of the 2020 UEFA European Football Championship (Euro 2020) in Canada. The agreement allows TVA Sports to broadcast all 51 games of the prestigious international soccer tournament, in which Europe's best national men's teams will compete.

Discretionary Services	Language	Voting Interest
<i>addik^{TV}</i>	French	100.0%
<i>CASA</i>	French	100.0%
<i>Évasion</i>	French	100.0% ¹
<i>LCN — Le Canal Nouvelles</i>	French	100.0%
<i>MOI ET CIE</i>	French	100.0%

Table of Contents

Discretionary Services	Language	Voting Interest
<i>Prise 2</i>	French	100.0%
<i>TVA Sports</i>	French	100.0%
<i>YOOPA</i>	French	100.0%
<i>Zeste</i>	French	100.0% ¹

¹ Since February 13, 2019

On January 17, 2018, the CRTC set out its decision on an application for final offer arbitration by Quebecor regarding the distribution of the mainstream sports service TVA Sports by the broadcasting distribution undertakings operated by BCE Inc. (“Bell”) in the Province of Québec. The CRTC selected Bell’s offer, which provides for wholesale tariffs per subscriber below Quebecor’s expectation, for the period between September 1, 2016 to August 31, 2018. Quebecor subsequently filed an application for leave to appeal this decision to the Federal Court of Appeal which was denied on April 12, 2018.

Advertising Sales and Revenues

We derive a majority of our revenues from the sale of integrated and diversified advertising services. For the twelve-month period ended December 31, 2019, TVA Network and the speciality channels derived approximately 57.7% of their revenues from advertising.

Programming

We produce a variety of French-language programming, including a broad selection of entertainment, sports, news and public affairs programming. We actively promote our programming and seek to develop viewer loyalty by offering a consistent programming schedule.

A part of our programming is produced by our wholly-owned subsidiaries, TVA Productions Inc. and TVA Productions II Inc. (collectively, “**TVA Productions**”). Through TVA Productions, we produced approximately 1,109 hours of original programming in 2019, consisting primarily of variety and magazine-style shows, galas and quiz shows.

Furthermore, TVA Sports produced approximatively 3,458 hours of original programming in 2019. The remainder of our programming is comprised of foreign and Canadian independently produced programming.

Film Production & Audiovisual Services Business Operations

The film production and audiovisual services business of TVA Group includes soundstage, mobile and equipment rental services, postproduction services, expertise in visual effects services, dubbing services, asset management and distribution services and proprietary online transaction and distribution platforms for VOD and digital cinema (DCI) and, in addition, property rights on technologies being used for digital image restoration and for 2D conversion into 3D stereoscopic images. Our film production and audiovisual services business’ software, GeneSys™, uses advanced algorithms for 2D to 3D contents conversion for the large screen and television.

As part of its assets, our film production and audiovisual services business includes movie and television soundstages of approximately 212,000 square feet in Montréal and St-Hubert, Québec, which have cutting-edge equipment, including Canada’s most up-to-date pool of cameras, lighting and specialized equipment. The facilities are used for both local and foreign film and television productions, including American blockbusters.

This sector’s main sources of revenue are film soundstage, mobile and equipment rental and postproduction services. In 2019, soundstage, mobile and equipment rental services account for 50% of the sector’s total revenues, 52% of which come from international clients. Postproduction services account for 20% of the sector’s total revenues and mainly serve local clients.

Although cyclical, particularly for film soundstage, mobile and equipment rental, the level of activity for this sector remains dependent on demand for production services from international and local producers.

Table of Contents

Production & Distribution Business Operations

At the beginning of the second quarter of 2019, TVA Group reorganized its business segments to better reflect changes in its operations and management structure following the acquisition of the companies in the Incendo Media Inc. group on April 1, 2019. Accordingly, the new Production & Distribution segment was created.

The production and distribution services business of TVA Group produces and distributes television shows, movies and television series for the world market, especially in English-language markets. This business produces mainly thrillers. Activities related to the distribution of films produced by the business accounted for 78% of the sector's total revenues, 88% of which come from international distribution.

The level of activity for this sector is cyclical in nature and dependent on demand for content from global broadcasters and the related delivery schedules.

Magazine Publishing

TVA Publications Inc. ("TVA Publications") and Les Publications Charron & Cie inc., wholly-owned subsidiaries of TVA Group, publish more than 50 French and English-language titles in various fields including show business, television, fashion and beauty, food, travel and lifestyle. They also market digital products associated with the different magazine brands. According to the Vividata Study, with more than 3.6 million readers across all platforms for its French-language titles, TVA Group is the top publisher of French-language magazines in Québec and a leader in the Canadian magazine publishing industry with 8.7 million cross-platform readers. Our objective is to leverage our magazines, focus on culture, lifestyle and entertainment across our television and Internet programming.

TVA Group's Magazines segment also operates websites in order to broadcast daily on different digital platforms content related to the editorial line of its corresponding trademarks.

In 2016, TVA Group released the Molto app, a new digital newsstand that gives users unlimited access to the full content of all its magazines on their tablets and smartphones for monthly subscription fees.

TVA Group also holds an effective 50% share in Publications Senior Inc., publisher of *Bel Âge* and *Good Times* magazines, in partnership with Bayard Group.

Newspaper Publishing

Newspaper Operations

We operate our newspaper business, namely *Le Journal de Montréal*, *Le Journal de Québec* and the *24 Heures Montréal*, through MediaQMI. Our daily newspapers disseminate information in traditional printed ways and through daily urban newspaper web sites, namely www.journaldemontreal.com and www.journaldequebec.com, and through the fully customizable J5 mobile app.

Le Journal de Montréal and *Le Journal de Québec* are tabloids. They are mass circulation newspapers that provide succinct and complete news coverage with an emphasis on local news, sports and entertainment. The tabloid format makes extensive use of color, photographs and graphics. Each newspaper contains inserts that feature subjects of interest such as fashion, lifestyle and special sections.

Le Journal de Montréal and *Le Journal de Québec*, already present on all platforms, also offer their readers the J5 mobile app, a fully customizable reading experience which is supported on iOS and Android. Through J5, users can select the news they want to receive daily, based on their interests.

According to corporate figures, the aggregate circulation of our Media segment's paid and free newspapers as of December 31, 2019 was approximately 2.3 million copies per week in print and electronic formats.

Le Journal de Montréal is published seven days a week and is distributed by Quebecor Media Network. The main competitors of *Le Journal de Montréal* are *La Presse+* and *The Montreal Gazette*. *Le Journal de Montréal*'s website is accessible at www.journaldemontreal.com.

Table of Contents

Le Journal de Québec is published seven days a week and is distributed by Quebecor Media Network. The main competitor of *Le Journal de Québec* is *Le Soleil*. *Le Journal de Québec*'s website is accessible at www.journaldequebec.com.

The following table lists the respective average readership in 2019 for *Le Journal de Montréal* and *Le Journal de Québec* as well as their market position versus other paid daily newspapers by weekly readership during that period, based on information provided in the Vividata Study:

NEWSPAPER	2019 AVERAGE READERSHIP			MARKET POSITION BY READERSHIP (1)
	SATURDAY	SUNDAY	MON-FRI	
<i>Le Journal de Montréal</i>	1,695,000	1,393,000	1,275,000	1 st
<i>Le Journal de Québec</i>	810,000	700,000	596,000	1 st
Total Average Readership	2,505,000	2,093,000	1,871,000	

(1) Based on the Vividata Study.

The following table lists the respective average daily paid circulation in 2019 for *Le Journal de Montréal* and *Le Journal de Québec*:

	2019 AVERAGE PAID CIRCULATION		
	SATURDAY	SUNDAY	MON-FRI
<i>Le Journal de Montréal</i>	178,900	160,900	160,400
<i>Le Journal de Québec</i>	88,300	83,800	81,100
Total Average Paid Circulation	267,200	244,700	241,500

Source: Internal Statistics

We publish one free daily commuter publication in the Montréal urban market: the *24 Heures Montréal*. The editorial content of this free daily commuter publication focuses on the greater metropolitan area of Montréal.

The average weekday circulation of the *24 Heures Montréal* for 2019 is 116,200.

Competition

The newspaper industry is seeing secular changes, including the growing availability of free access to media, shifting readership habits, digital transferability, the advent of real-time information and secular changes in the advertising market, all of which affect the nature of competition in the newspaper industry. Competition increasingly comes not only from other newspapers (including other national, metropolitan (both paid and free) and suburban newspapers), magazines, television and radio broadcasting, direct marketing and solo and shared mail programs, but also from digital media platforms.

Advertising, Circulation and Digital Revenues

Advertising revenue is the largest source of revenue for our newspaper operations, representing 54.3% of our newspaper operations' total revenues in 2019. Advertising rates are based upon the size of the market in which each newspaper operates, circulation, readership, demographic composition of the market and the availability of alternative advertising media.

The principal categories of advertising revenues in our newspaper operations are retail and national advertising. Most of our retail advertisers are car dealers, department stores, electronics stores and furniture stores.

Table of Contents

Circulation sales are our newspaper operations' second-largest source of revenue and represented 33.9% of total revenues of our newspaper operations in 2019.

Digital revenues represented 8.5% of total revenues for our newspaper operations in 2019. Digital revenues are generated from advertising on our websites and digital subscriptions to the e-editions of our newspapers. Revenues from digital products represent a potential growth opportunity for our newspaper operations.

Seasonality and Cyclical

Our newspaper operations' operating results tend to follow a recurring seasonal pattern with higher advertising revenue in the spring and in the fall.

Our newspaper business is cyclical in nature. Our operating results are sensitive to prevailing local, regional and national economic conditions because of our dependence on advertising sales for a substantial portion of our revenue.

Other Operations

Commercial Printing

Through our wholly-owned subsidiary Quebecor Media Printing, we operate a printing facility located in Mirabel, Québec, where *Le Journal de Montréal* and the *24 Heures Montréal* are printed.

We also offer third party commercial printing services, which provide us with an additional source of revenue that leverages existing equipment with excess capacity. In our third party commercial printing operations, we compete with other newspaper publishing companies as well as commercial printers. Our competitive strengths in this area include our modern equipment, and our ability to price projects on a variable cost basis, as our core newspaper business covers overhead expenses.

Distribution of periodicals in Québec

Through Messageries Dynamiques, a division of Quebecor Media Network, we deliver magazines and newspapers to dealers through a network that serves nearly 11,800 points of sale. Our home delivery service brings many Québec and Canadian dailies, including *Le Journal de Montréal* and *Le Journal de Québec*, to more than 190,000 homes every day.

Out-of-Home Advertising

We are involved in out-of-home advertising through the installation, maintenance and management of out-of-home advertisement, including on transit and bus shelters. In relation thereto, we entered into a 10-year agreement with *Société de transport de Lévis*, a 20-year agreement with *Société de transport de Laval*, a 20-year agreement with *Société de transport de Montréal* (STM), a 10-year agreement with *Société de transport de Sherbrooke* (STS), and a 10-year agreement with *Réseau de transport de Longueuil* (RTL).

Production of Digital Content

In 2018, we created NumériQ, an entity that brings together the digital content and strategy production assets harnessed to create digital platforms and content for our various platforms.

NumériQ also operates a number of other digital brands, including *Le Guide de l'auto*, *Le sac de chips*, *Pèse sur Start*, *Silo 57* and *Tabloid*. Moreover, QUB radio, an online and mobile audio platform with a live radio stream and a library of podcasts, was launched by NumériQ in October 2018.

NumériQ develops and operates the apps and websites of our Media segment. Quebecor's apps and websites reach 7.6 million unique visitors per month in Canada (source: ComScore Canada, November 2019).

[Table of Contents](#)

Sports and Entertainment

Products and Services

Our activities in the Sports and Entertainment segment consist primarily of the production, promotion and management of live shows and of various sporting, cultural and corporate events, the operation of two QMJHL teams, the operation and management of the Videotron Centre, as well as book distribution and publishing and music distribution and production.

Videotron Centre

The Videotron Centre is an arena located in Québec City that has 18,400 seats and is home to the *Remparts de Québec* as well as the host of a variety of events and shows featuring local and international artists. Through a 25-year agreement entered into with Québec City, we were granted both the management and naming rights through 2040. We lease the Videotron Centre and generate revenues through the sale of advertisement and sponsorship opportunities as well as through the sale of food and beverages during the events and shows.

AEG Presents and AEG Facilities, divisions of AEG Worldwide, support the Sports and Entertainment segment in booking events and operating the Videotron Centre through an 8-year strategic partnership entered into in 2015. We have also entered into strategic partnerships for the operation of the Videotron Centre with Live Nation Entertainment, involving two of its principal divisions, namely Live Nation Canada, the global market leader in concert production and promotion, and Ticketmaster, its ticketing service operating in the Province of Québec under the name “Admission”. Finally, we have entered into strategic partnerships with Levy Restaurants, with an emphasis on building a world class culinary experience in the Videotron Centre through a local food and beverage program, Labatt Breweries of Canada as the Videotron Centre’s official beer supplier and Alex Coulombe ltée (the local Pepsi Co distributor) as the Videotron Centre’s official supplier of soft drinks, sparkling water and isotonic sports drinks.

On September 12, 2019, the Videotron Centre completed its fourth full year of operation. During its fourth year of operation, the Videotron Centre hosted 97 sporting events and concerts and a total of approximately 726,000 people attended these events.

QMJHL Hockey Teams

We own two QMJHL franchises, namely the *Armada de Blainville-Boisbriand* (70%) and *Les Remparts de Québec* (100%).

Event Production and Management and live-event production

Through our wholly-owned Event Management Gestev Inc. (“**Gestev**”), a sports and cultural events manager, site manager and producer with activities in the Province of Québec, Ottawa, Toronto and Edmonton, we produce or have produced numerous high-profile events such as the Red Bull Crashed Ice (urban extreme ice skating race), Vélirium (International Mountain Bike Festival and UCI World Cup), the Transat Québec Saint-Malo (transatlantic sailing race), Ski Tour (FIS Cross-Country World Cup), the Jamboree (including the FIS Snowboard and Freestyle Skiing World Cups), PBR Major event (Professional Bull Rider event), FIVB Beach Volley World Finals and the Marathon de Québec (a 3-day running event). We also produce, on an annual basis, approximately 200 corporate, private and public events. We also manage the site of the Baie de Beauport, a beach in Québec city.

In 2017, Gestev acquired the Montréal-based Experiential Marketing Agency Wasabi atelier experientiel Inc., which adds to Gestev’s strong reach in experiential marketing and activation agency in Montréal and Québec City.

Book Distribution and Publishing

We are also involved in book publishing and distribution through academic publisher CEC Publishing, 18 general literature publishers under the Sogides Group umbrella, and Messageries A.D.P. Inc. (“**Messageries ADP**”). Through Sogides Group and the academic publisher CEC Publishing, we are involved in French-language book publishing and we

Table of Contents

form one of the Province of Québec's largest book publishing groups. In 2019, we published or reissued a total of 421 titles in paper format and 255 titles in digital format.

As of December 31, 2019, through Messageries ADP, our book distribution company, we were the exclusive distributor of more than 260 Québec and European French-language publishers. We distribute French-language books to approximately 2,900 retail outlets in Canada. In addition, Messageries ADP distributes approximately 9,500 digital books.

Music

Through certain divisions and subsidiaries of Select Music, we distribute CDs, DVDs, Blu-ray discs, online music by way of file transfer and we offer services in the following areas: music recording, video production and creative licensing, including music for films, advertising and television shows.

Select Music is one of the largest independent music distributors in Canada with a 37% market share in the Province of Québec and a 67% market share for French content in the Province of Québec. Select Music has a catalogue of over 19,000 different CDs, LPs or other audio formats and over 3,100 DVDs or other video formats, a large number of which are from French-speaking artists. In addition, it is a digital aggregator of downloadable and streamable products with a selection of approximately 65,000 songs available through 45 platforms worldwide.

Through our Musicor label, we also produce records, videos and shows, and offer artist management services.

Competition

The Videotron Centre is in competition with the Bell Centre (Montréal), Place Bell (Laval), Canadian Tire Center (Ottawa) as well as other arenas located within a radius of 700 kilometers (Boston, Kingston, Moncton). These arenas compete to get the few tour dates available according to the tour schedules of the artists. Over a two-week period during summer, the Festival d'été de Québec ("FEQ") is another important competitor since it offers quality shows at competitive prices, and some of the artists not performing at the FEQ do not want to perform at the Videotron Center during the programming of the FEQ.

The junior hockey team *Les Remparts de Québec* does not have any direct competitors in the hockey entertainment sector in the Québec City region; on the other hand, the *Armada de Blainville-Boisbriand* hockey team has competitors as it operates less than 15 kilometers away from the American Hockey League franchise, the Laval Rockets.

Gestev, which manages sports and cultural events, is a leading player in the Québec City region, but it operates in a highly fragmented market with many competitors.

In the subsegment of French-language book publishing, the Corporation's competitors are located in Québec. In certain specific areas, the Corporation is in direct competition with certain large French publishers.

The music industry is mainly controlled by three major players (Universal Music, Warner Music and Sony Music) who hold 81% of the Canadian market share and who combine production and distribution activities. However, the music market is unique in Québec since its population is mostly French-speaking and, therefore, has its own popular local artists.

Intellectual Property

We use a number of trademarks for our products and services. Many of these trademarks are registered by us in the appropriate jurisdictions. In addition, we have legal rights in the unregistered marks arising from their use. We have taken affirmative legal steps to protect our trademarks and we believe our trademarks are adequately protected.

Television programming and motion pictures are granted legal protection under the copyright laws of the countries in which we operate, and there are substantial civil and criminal sanctions for unauthorized duplication and exhibition. The content of our newspapers and websites is similarly protected by copyright. We own copyright in each of our publications as a whole, and in all individual content items created by our employees in the course of their employment, subject to very limited exceptions. We have entered into licensing agreements with wire services, freelancers and other content suppliers on terms that we believe are sufficient to meet the needs of our publishing operations. We believe we have taken appropriate and reasonable measures to secure, protect and maintain our rights or

Table of Contents

obtain agreements from licensees to secure, protect and maintain copyright protection of content produced or distributed by us.

We have registered a number of domain names under which we operate websites associated with our television, publishing and Internet operations. As every Internet domain name is unique, our domain names cannot be registered by other entities as long as our registrations are valid.

Insurance

Quebecor Media is exposed to a variety of operational risks in the normal course of business. A portion of the risk associated with assets and responsibilities is transferred to third parties by way of insurance agreements, and other risks are mitigated through contractual agreements with clients and suppliers. Quebecor Media believes that it has a combination of third-party insurance and self-insurance sufficient to provide adequate protection against unexpected losses, while minimizing costs.

Environment

Some of our operations are subject to Canadian, provincial and municipal laws and regulations concerning, among other things, emissions to the air, water and sewer discharge, handling and disposal of hazardous materials, the recycling of waste, the soil remediation of contaminated sites, or otherwise relating to the protection of the environment. Laws and regulations relating to workplace safety and worker health, which among other things, regulate employee exposure to hazardous substances in the workplace, also govern our operations.

Compliance with these laws has not had, and management does not expect it to have, a material effect upon our capital expenditures, net income or competitive position. Environmental laws and regulations and the interpretation of such laws and regulations, however, have changed rapidly in recent years and may continue to do so in the future. We have monitored the changes closely and have modified our practices where necessary or appropriate.

Our past and current properties, as well as areas surrounding those properties, particularly those in areas of long-term industrial use, may have had historic uses, or may have current uses, in the case of surrounding properties, which may affect our properties and require further study or remedial measures. As part of our film production and audiovisual services business, we own certain studios and vacant lots, some of which are located on a former landfill, which produces landfill gas. Where applicable, the landfill gas is managed in accordance with provincial regulations.

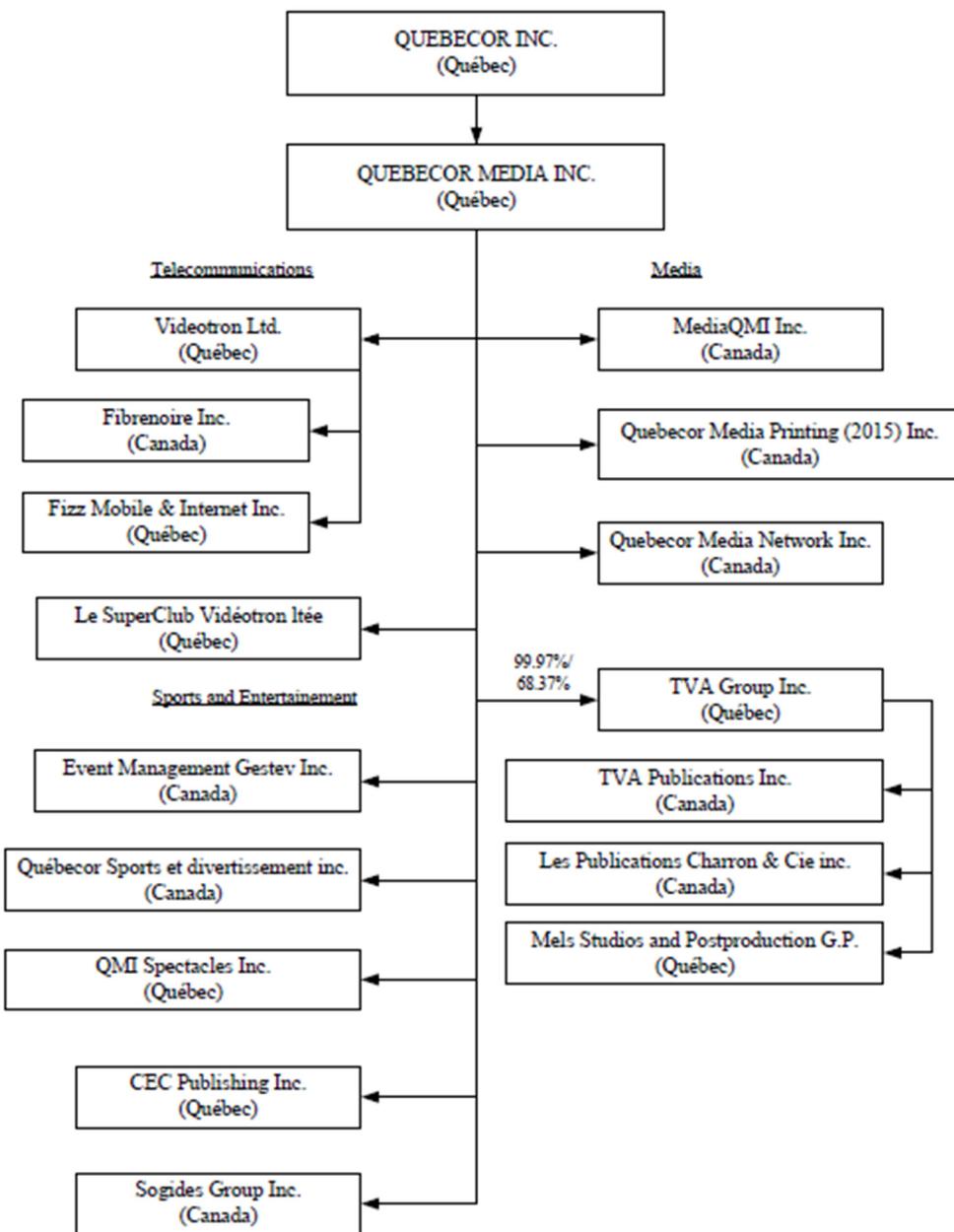
We are not currently conducting or planning any material study or remedial measure. Furthermore, we cannot provide assurance that all environmental liabilities have been determined, that any prior owner of our properties did not create a material environmental condition not known to us, that a material environmental condition does not otherwise exist as to any such property, or that expenditure will not be required to deal with known or unknown contamination.

We are currently working on preventive measures regarding the potential effects of climate change which, through an increase in extreme weather events, may have an effect on our operations, notably by damaging our infrastructure and increasing the stress on our telecommunications network. We are increasing the resiliency of our network by adding network redundancies, modifying or adopting new construction standards and by collaborating with ISED which has identified telecommunications as an essential infrastructure.

C - Organizational Structure

The following chart illustrates the relationship among Quebecor Media and its significant operating subsidiaries and holdings as of March 18, 2020 and indicates the jurisdiction of incorporation of each entity. In each case, unless otherwise indicated, Quebecor Media owns a 100% equity and voting interest in its subsidiaries (where applicable, the number on the top indicates the percentage of voting rights held by Quebecor Media and the number on the bottom indicates the percentage of equity owned directly and indirectly by Quebecor Media).

Table of Contents



Quebecor, a communications holding company, owns 100% of Quebecor Media. Quebecor's primary asset is its interest in Quebecor Media.

D - Property, Plants and Equipment

Our corporate offices are located in leased space at 612 St-Jacques Street, Montréal, Québec, Canada H3C 4M8.

Telecommunications

Videotron's corporate offices are located in leased space at 612 St-Jacques Street, Montréal, Québec, Canada H3C 4M8, (187,592 square feet) in the same building as Quebecor Media's head office.

Videotron also owns or leases several buildings in Montréal and in Québec City, as indicated in the following table which presents, for each building, the address, the leased or owned status of the property, the primary use of the

Table of Contents

main facilities and the approximate square footage. In addition to the buildings indicated in the following table, Videotron owns or leases a significant number of smaller locations for signal reception sites, customer service and business offices.

<u>Address</u>	<u>Owned/Leased Property</u>	<u>Use of Property</u>	<u>Floor Space Occupied (approximate sq. ft.)</u>
Montréal, Québec 2155 Pie IX Street	Owned property	Office and Technical spaces, Headend	128,000
Montréal, Québec 150 Beaubien Street	Owned property	Office and Technical spaces, Headend	72,000
Montréal, Québec 4545 Frontenac Street	Leased property	Office space, Warehouse, Headend	100,700
Montréal, Québec 800 de la Gauchetière Street	Leased property	Office space	52,000
Montréal, Québec 888 De Maisonneuve Street	Leased property	Office space	49,000
Québec City, Québec 2200 Jean-Perrin Street	Owned property	Regional Headend for the Québec City region and Office space	40,000

Media

Newspaper and Commercial Printing Operations

The following table presents the addresses, square footage and primary use of the main facilities and other buildings of our newspaper and commercial printing operations. No other single property currently used in our newspaper and commercial printing operations exceeds 50,000 square feet. Unless stated otherwise, we own all of the properties listed below.

<u>Address</u>	<u>Use of Property</u>	<u>Floor Space Occupied (sq. ft.)</u>
Mirabel, Québec 12800 Brault Street	Operations building, including printing plant — <i>Le Journal de Montréal 24 Heures</i> (Montréal)	233,000
Vanier, Québec 450 Bechard Avenue	Operations building, including printing plant — <i>Le Journal de Québec</i>	56,900

Table of Contents

Broadcasting Operations

The following table presents the address, square footage and primary use of the main property of our television broadcasting operations. No other single property currently used in our television broadcasting operations exceeds 50,000 square feet. We own the property listed below.

Address	Use of Property	Floor Space Occupied (sq. ft.)
Montréal, Québec 1600 De Maisonneuve Boulevard East ⁽¹⁾	Television Broadcasting	650,000

(1) Our television broadcasting operations are mainly carried out in Montréal at 1600 De Maisonneuve Boulevard East in a complex of four buildings owned by us which represent a total of approximately 650,000 square feet. We also own buildings in Chicoutimi, Trois-Rivières, Rimouski, and Sherbrooke for local broadcasting.

Film Production & Audiovisual Operations

The following table presents the addresses, the square footage and primary use of the main facilities and other buildings of our film production and audiovisual services business operations. No other single property currently used in our film production and audiovisual services business operations exceeds 50,000 square feet. Unless stated otherwise, we own all of the properties listed below.

Address	Use of Property	Floor Space Occupied (sq. ft.)
Montréal, Québec 2170, Pierre-Dupuy Avenue and 1701-1777, Carrie-Derick Street	Production studio, office and technical spaces	378,600
St-Hubert, Québec 4801, Leckie Street	Production studio, office and technical spaces	114,000

Sports and Entertainment

We generally lease space for the business offices and warehousing activities for the operation of our Sports and Entertainment segment.

Liens and charges

Borrowings under our senior secured credit facilities and under eligible derivative instruments are secured by a first-ranking hypothec and security agreement (subject to certain permitted encumbrances) on all of our movable property (chattels). Our subsidiaries' secured credit facilities are generally secured by first-ranking charges over all of their respective assets (subject to certain permitted encumbrances). TVA Group's credit facilities are secured by charges on its movable property and an immovable hypothec on its properties located at 1600 de Maisonneuve Boulevard East, 1405, 1425 and 1475 Alexandre-De-Sève Street, 1420 and 1470 de Champlain Street, and 1500 Papineau Avenue, Montréal, Québec.

E- Regulation

Ownership and Control of Canadian Broadcast Undertakings

The Canadian Government has directed the CRTC not to issue, amend or renew a broadcasting license to an applicant that is a non-Canadian. Canadian, a defined term in the Direction to the CRTC (Ineligibility of Non-Canadians)

[Table of Contents](#)

(the “**Direction to CRTC**”), means, among other things, a citizen or a permanent resident of Canada or a qualified corporation. A qualified corporation is one incorporated or continued in Canada, of which the chief executive officer and not less than 80% of the directors are Canadian, and not less than 80% of the issued and outstanding voting shares and not less than 80% of the votes are beneficially owned and controlled, directly or indirectly, by Canadians. In addition to the above requirements, Canadians must beneficially own and control, directly or indirectly, not less than 66.6% of the issued and outstanding voting shares and not less than 66.6% of the votes of the parent corporation that controls the subsidiary, and neither the parent corporation nor its directors may exercise control or influence over any programming decisions of the subsidiary if Canadians beneficially own and control less than 80% of the issued and outstanding shares and votes of the parent corporation, if the chief executive officer of the parent corporation is a non-Canadian or if less than 80% of the parent corporation’s directors are Canadian. There are no specific restrictions on the number of non-voting shares which may be owned by non-Canadians. Finally, an applicant seeking to acquire, amend or renew a broadcasting license must not otherwise be controlled in fact by non-Canadians, a question of fact which may be determined by the CRTC in its discretion. Control is defined broadly to mean control in any manner that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, agreement or arrangement, the ownership of a corporation or otherwise. Videotron and TVA Group are qualified Canadian corporations.

Regulations made under the Broadcasting Act require the prior approval of the CRTC for any transaction that directly or indirectly results in a change in effective control of the licensee of a broadcasting distribution undertaking (“**BDUs**”) or a television programming undertaking (such as a conventional television station, network or pay or specialty undertaking service), or the acquisition of a voting interest above certain specified thresholds.

Diversity of Voices

The CRTC’s Broadcasting Public Notice CRTC 2008-4, entitled “Diversity of Voices,” sets forth the CRTC’s policies with respect to cross-media ownership; the common ownership of television services, including pay and specialty services; the common ownership of BDUs; and the common ownership of over-the-air television and radio undertakings. Pursuant to these policies, the CRTC will generally permit ownership by one person of no more than one conventional television station in one language in a given market. The CRTC, as a general rule, will not approve applications for a change in the effective control of broadcasting undertakings that would result in the ownership or control, by one person, of a local radio station, a local television station and a local newspaper serving the same market. The CRTC, as a general rule, will not approve applications for a change in effective control that would result in the control, by one person, of a dominant position in the delivery of television services to Canadians that would impact on the diversity of programming available to television audiences. In terms of BDUs, the CRTC, as a general rule, will not approve applications for a change in the effective control of BDUs in a market that would result in one person being in a position to effectively control the delivery of programming services in that market. The CRTC is not prepared to allow one person to control all BDUs in any given market.

Jurisdiction Over Canadian Broadcast Undertakings

Videotron’s cable distribution undertakings and TVA Group’s broadcasting activities are subject to the Broadcasting Act and regulations made under the Broadcasting Act that empower the CRTC, subject to directions from the Governor in Council, to regulate and supervise all aspects of the Canadian broadcasting system in order to implement the policy set out in the Broadcasting Act. Certain of Videotron’s and TVA Group’s undertakings are also subject to the Radiocommunication Act, which empowers ISED to establish and administer the technical standards that networks and transmitters must comply with, namely, maintaining the technical quality of signals.

The CRTC has, among other things, the power under the Broadcasting Act and regulations promulgated thereunder to issue, subject to appropriate conditions, amend, renew, suspend and revoke broadcasting licenses, approve certain changes in corporate ownership and control, and establish and oversee compliance with regulations and policies concerning broadcasting, including various programming and distribution requirements, subject to certain directions from the Federal Cabinet.

Broadcasting and Telecommunications Legislative Review

The Canadian Government has asked the Broadcasting and Telecommunications Legislative Review Panel to present recommendations on legislative changes that may be needed to maximize the benefits the digital age brings to

Table of Contents

citizens, creators, cultural stakeholders, the communications industry and the Canadian economy. On January 29, 2020, the Review Panel released its final report. Given the non-binding nature of the recommendations made by the Review Panel in its final report, we have no visibility as to which recommendations, if any, will be implemented.

Broadcasting License Fees

Programming and BDU licensees are subject to annual license fees payable to the CRTC. The license fees consist of two separate fees. One fee allocates the CRTC's regulatory costs for the year to licensees based on a licensee's proportion of the gross revenue derived during the year from the licensed activities of all licensees whose gross revenues exceed specific exemption levels (Part I fee). The other fee, also called the Part II license fee, is to be paid on a pro rata basis by all television undertakings and distribution undertakings with licensed activity that respectively exceeds \$1,500,000 and \$175,000. The total annual amount to be assessed by the CRTC is the lower of: (i) \$100,000,000 and (ii) 1.365% multiplied by the aggregate fee revenues for the return year terminating during the previous calendar year of all licensees whose fee revenues exceed the applicable exemption levels, less the aggregate exemption level for all those licensees for that return year.

Canadian Broadcasting Distribution (Cable Television)

Licensing of Canadian Broadcasting Distribution Undertakings

A cable distribution undertaking, such as Videotron, distributes broadcasting services to customers predominantly over closed transmission paths. A license to operate a cable distribution undertaking gives the cable television operator the right to distribute television programming services in its licensed service area. Broadcasting licenses may be issued for periods not exceeding seven years and are usually renewed, except in particular circumstances or in cases of a serious breach of the conditions attached to the license or the regulations of the CRTC. The CRTC is required to hold a public hearing in connection with the issuance, suspension or revocation of a license.

Videotron operates 53 cable systems pursuant either to the issuance of a license or of an order that exempts certain network operations from the obligation to hold a license. Cable systems with 20,000 customers or fewer and operating their own local headend are exempted from the obligation to hold a license pursuant to exemption orders issued by the CRTC on February 15, 2010 (Broadcasting Order CRTC 2009-544). These cable systems are required to comply with a number of programming carriage requirements set out in the exemption order and comply with the Canadian ownership and control requirements in the Direction to the CRTC. Videotron remains with only 8 cable distribution licenses that were renewed on August 2, 2018, in Broadcasting Decision CRTC 2018-269, from September 1, 2018 to August 31, 2024.

In order to conduct our business, we must maintain our broadcasting distribution undertaking licenses in good standing. Failure to meet the terms of our licenses may result in their short-term renewal, suspension, revocation or non-renewal. We have never failed to obtain a license renewal for any cable system.

Distribution of Canadian Content

The *Broadcasting Distribution Regulations* issued by the CRTC pursuant to the *Broadcasting Act* mandate the types of Canadian and non-Canadian programming services that may be distributed by BDUs, including cable television systems. For example, local television stations are subject to "must carry" rules which require terrestrial distributors, such as cable operators, to carry these signals and, in some instances, those of regional television stations as part of their basic service. The guaranteed carriage enjoyed by local television broadcasters under the "must carry" rules is designed to ensure that the signals of local broadcasters reach cable households. Furthermore, cable operators and DTH operators must offer their customers more Canadian programming than non-Canadian programming services. In summary, each cable television system is required to distribute all of the Canadian programming services that the CRTC has determined are appropriate for the market it serves, which includes local Canadian stations, services designated by the CRTC under section 9(1)(h) of the *Broadcasting Act* for mandatory distribution on the basic service, educational services and, if offered, the community channel, and the provincial legislature.

[Table of Contents](#)

Broadcasting Distribution Regulations

The Broadcasting Distribution Regulations promote competition among BDUs and the development of new technologies for the distribution of such services while ensuring that quality Canadian programs are broadcast. The Broadcasting Distribution Regulations introduced important new rules, including the following:

Competition and Carriage Rules. The Broadcasting Distribution Regulations provide equitable opportunities for all distributors of broadcasting services and prohibit a distributor from giving an undue preference to any person, including itself, or subjecting any person to an undue disadvantage. This gives the CRTC the ability to address complaints of anti-competitive behaviour on the part of certain distributors. Signal carriage and substitution requirements are imposed on all cable television systems.

Contribution to local expression, Canadian programming and community television. All distributors, except systems with fewer than 2,000 customers, are required to contribute at least 5% of their gross annual broadcast revenues to the creation and presentation of Canadian programming including community programming.

Inside Wiring Rules. The CRTC determined that the inside wiring portion of cable networks creates a bottleneck facility that could affect competition if open access is not provided to other distributors. Incumbent cable companies may retain the ownership of the inside wiring but must allow usage by competitive undertakings to which the cable company may charge a just and reasonable fee for the use of the inside wire. Moreover, the CRTC found that it was appropriate to amend the Broadcasting Distribution Regulations to permit access by subscribers and competing BDUs to inside wire in commercial and institutional properties. Therefore, the CRTC directed all licensees to negotiate appropriate terms and conditions, including a just and reasonable rate, for the use by competitors of the inside wire such licensees own in commercial and institutional properties.

Rates

Our revenue related to cable television is derived mainly from (a) monthly subscription fees for basic cable service; (b) fees for premium services such as specialty services, pay-television, pay-per-view television and VOD; and (c) installation and additional outlets charges.

Pursuant to Broadcasting Regulatory Policy CRTC 2015-96, as of March 1, 2016, the CRTC regulates the fees charged by cable or non-cable BDUs for the basic service. The price of the entry-level basic service offering will be limited to \$25 or less per month.

Vertical Integration

In September 2011, the CRTC released Broadcasting Regulatory Policy CRTC 2011-601 (the “**Policy**”) setting out its decisions on the regulatory framework for vertical integration. Vertical integration refers to the ownership or control by one entity of both programming services, such as conventional television stations or pay and specialty services, as well as distribution services, such as cable systems or DTH satellite services. The Policy: (i) prohibits companies from offering television programs on an exclusive basis to their mobile or Internet subscribers in a manner that they are dependent on the subscription to a specific mobile or retail Internet access service. Any program broadcast on television, including hockey games and other live events, must be made available to competitors under fair and reasonable terms; (ii) allows companies to offer exclusive programming to their Internet or mobile customers provided that it is produced specifically for an Internet portal or a mobile device; and (iii) adopts a code of conduct to prevent anti-competitive behaviour and ensure all distributors, broadcasters and online programming services negotiate in good faith. In Broadcasting Regulatory Policy CRTC 2015-438, the code of conduct was replaced by the Wholesale Code.

Hybrid VOD License

In Broadcasting Regulatory Policy CRTC 2015-86 issued on March 12, 2015, the CRTC considered appropriate to authorize a third category of VOD services based on a hybrid regulatory approach. In Broadcasting Order CRTC 2015-356, the CRTC has authorized these hybrid services to operate with the same flexibility as those services operating under

[Table of Contents](#)

the Digital Media Exemption Order (DCEO), provided that the service is delivered and accessed over the Internet without authentication to a BDU or mobile subscription. Club illico qualifies as a hybrid VOD service.

The hybrid VOD services benefit from the following incentives:

- the ability to offer exclusive programming in the same manner as services operating under the DCEO; and
- the ability to offer their service on a closed BDU network in the same manner as traditional VOD services without the regulatory requirements relating to financial contributions to and shelf space for Canadian programming that would normally be imposed on those traditional VOD services.

New Media Broadcasting Undertakings

Since 2009, the description of a “new media broadcasting undertaking” encompasses all Internet-based and mobile point-to-point broadcasting services (Broadcasting Order CRTC 2009-660). It has been recognized by the Federal Court of Appeal that Internet access providers play a “content-neutral role” in the transmission of data and do not carry on broadcasting activities.

On July 26, 2012, the CRTC amended the Exemption Order for digital media broadcasting undertakings, Broadcasting Order CRTC 2012-409. These amendments implement determinations made by the CRTC in regulatory framework relating to vertical integration (Broadcasting Regulatory Policy CRTC 2011-601). As such, the CRTC implemented the following:

A “no head start” rule, where the CRTC expects that digital media broadcasting undertakings that intend to provide exclusive access to television programming in a manner that restricts access based on a consumer’s specific mobile or retail Internet access service will provide other digital media broadcasting undertakings with appropriate notice in order to allow these undertakings to exercise their options;

A provision to preclude undertakings operating under that exemption order from providing exclusive access to programming designed primarily for conventional television, specialty, pay or VOD services in situations where such access to the programming was restricted on the basis of a consumer’s specific mobile or retail Internet access service;

A standstill rule whereby an undertaking that was in a dispute with another undertaking concerning the terms of carriage of programming or any right or obligation under the Broadcasting Act would be required to continue providing or distributing the service that was subject to the dispute on the same terms and conditions that prevailed before the dispute; and

A dispute resolution mechanism.

Copyrights Royalties Payment Obligations

Some of our affiliates, including Videotron and TVA Group, have an obligation to pay copyright royalties set by Tariffs of the Copyright Board of Canada (the “**Copyright Board**”). The Copyright Board establishes the royalties to be paid for the use of certain copyright tariff royalties that Canadian broadcasting undertakings, including cable, television and specialty services, pay to copyright societies (being the organization that administers the rights of several copyright owner). Tariffs certified by the Copyright Board are generally applicable until a public process is held and a decision of the Copyright Board is rendered for a renewed tariff. Renewed tariffs are often applicable retroactively.

The *Copyright Act* (Canada) (the “**Copyright Act**”) provides for the payment of various royalties, including in respect of the communication to the public of musical works (either through traditional cable services or over the Internet), the retransmission of distant television and radio signals. Distant signal is defined for that purpose in regulations adopted under the authority of the Copyright Act.

Table of Contents

The Government of Canada may from time to time make amendments to the Copyright Act to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in our broadcasting undertakings being required to pay additional tariff royalties.

ISP Liability

In 1996, SOCAN proposed a tariff to be applied against ISPs, in respect of composers'/publishers' rights in musical works communicated over the Internet to ISPs' customers. SOCAN's proposed tariff was challenged by a number of industry groups and companies. In 1999, the Copyright Board decided that ISPs should not be liable for the communication of musical works by their customers, although they might be liable if they themselves operated a musical website. In June 2004, the Supreme Court of Canada upheld this portion of the decision of the Copyright Board and determined that ISPs do not incur liability for copyright content when they engage in normal intermediary activities, including web hosting for third parties and caching. As a consequence, ISPs may, however, be found liable if their conduct leads to the inference that they have authorized a copyright violation. At the end of 2012, amendments to the Copyright Act clarified ISPs' liability with respect to acts other than communication to the public by telecommunication, such as reproductions, implements "safe harbours" for the benefit of ISPs, and further put in place a "notice and notice" process to be followed by ISPs, meaning that copyright infringement notices must now be sent to the Internet end-users by ISPs.

Canadian Broadcast Programming (Off the Air Stations and Specialty Services)

Programming of Canadian Content

CRTC regulations require licensees of television stations to maintain a specified percentage of Canadian content in their programming. In Broadcasting Regulatory Policy CRTC 2015-86, issued on March 12, 2015, the CRTC decided that a private television station is required to devote not less than 50% of the evening broadcast period (6:00 p.m. to midnight) to the broadcast of Canadian programs. Pay and specialty services have to devote 35% of the day to the broadcast of Canadian programming.

In the same Policy, the CRTC eliminated immediately the genre exclusivity policy and related protections for all English- and French-language discretionary services including Canadian VOD services. As an exception to the general rule of elimination of genre protections, the CRTC has retained the conditions of license relating to the nature of service for those services that benefit from a mandatory distribution, for national news services and for sports services.

TVA Group's Conditions of License

In Broadcasting Decision CRTC 2017-147, TVA Group obtained a Group-based licenses renewal for its French-language television stations and services. TVA Group is subject to certain conditions of licenses that apply to the following stations and services: the TVA network, CFTM-DT Montréal, CFCM-DT Québec, CFER-DT Rimouski, CHEM-DT Trois-Rivières, CHLT-DT Sherbrooke, CJPM-DT Saguenay, Addik^{TV}, MOI ET CIE, Yoopa, Casa and Prise 2 (collectively, "**the Group**"), among others:

The Group shall, in each broadcast year, devote at least 45% of the previous year's gross revenues of the undertaking to the acquisition of or investment in Canadian programming;

The Group shall, in each broadcast year, devote at least 15% of the previous year's gross revenues of the undertaking to the acquisition of or investment in programs of national interest. At least 75% of these expenditures must be made to an independent production company;

TVA network shall broadcast at least six (6) special events per broadcast year reflecting the life of Francophones outside of the Province of Québec;

TVA network shall broadcast a weekly 30-minute program on the life of Francophones outside of the Province of Québec;

Table of Contents

CFTM-DT Montréal shall broadcast at least 25 hours of local programming in each broadcast week and shall broadcast at least 6 hours of locally reflective news in each broadcast week;

CFCM-DT Québec shall broadcast at least 18 hours of local programming in each broadcast week, of which at least 5 hours and 30 minutes shall be local news produced in Québec City, including two local newscast on the weekends, at least 3 hours and 30 minutes shall be other programs that focus specifically on the Québec region that may be broadcast on the TVA network and at least 3 hours and 30 minutes shall be locally reflective news in each broadcasting week; and

CFER-DT Rimouski, CHEM-DT Trois-Rivières, CHLT-DT Sherbrooke and CJPM-DT Saguenay shall broadcast at least 5 hours of local programming in each broadcast week of which at least 2 hours and 30 minutes of locally reflective news in each broadcast week.

Pursuant to Broadcasting Decision CRTC 2019-6, Zeste and Evasion were added to the Group. As for LCN and TVA Sports, QMI requested the renewal of the licenses under the standard conditions for national news services and mainstream sports services.

In Broadcasting Notice of Consultation CRTC 2017-428, the CRTC issued a notice regarding the reconsideration of the decisions relating to the license renewals for the television services of large French-language private ownership groups, including TVA Group. As directed by the Governor General in Council, as part of this process, the CRTC must consider how it can be ensured that significant contributions are made to the creation and presentation of original French-language programming and music programming. In Broadcasting Decision CRTC 2018-334, the CRTC decided that *each group will be required to devote at least 75% of its Canadian programming expenditures (“CPE”) to original French-language programs in each broadcast year over their respective license terms. However, given that groups will only have a short time to adjust their programming to meet the new requirements, the Commission imposed an expenditure level equal to 50% of their CPE for the broadcast year beginning September 1, 2018 and ending August 31, 2019. As for music programming, the groups will be required to direct 0.17% of their services’ previous broadcast year’s gross revenues to MUSICACTION. This amount may be counted towards meeting their CPE, which include expenditure and programs of national interest. This expenditure requirement will be temporary. The amended conditions of license took effect on September 1, 2018, the beginning of the second year of the license term for the groups’ affected services, and will apply until August 31, 2022, the end of the license term.*

Review of the television and distribution regulatory framework

Many decisions were published in 2015 pursuant to an initiative launched by the CRTC, “Let’s Talk TV: A Conversation with Canadians”, to discuss the future of the television system in Canada. The CRTC has decided, amongst others, to lower exhibition requirements for private television stations and specialty services as of September 2017, to abolish immediately genre exclusivity for specialty services, to create hybrid video on demand licenses, to mandate BDUs to offer a reduced basic service at \$25 as of March 1, 2016 and to offer all specialty services “à la carte”, as of December 1, 2016.

New Policy framework for local and community television

On June 15, 2016 the CRTC has published a new Policy framework for local and community television. This policy sets out regulatory measures to ensure that Canadians continue to have access to local programming that reflects their needs and interests. This includes the broadcast of high-quality local news as well as the broadcast of community programming through which Canadians can express themselves. To help ensure that local television stations have the financial resources to continue providing high-quality local news and information and that there is no erosion of local news in the various markets, the CRTC rebalanced the resources already present in the broadcasting system by taking the following steps:

BDUs will be allowed to devote part of their local expression contribution to the production of local news on local television stations;

Table of Contents

DTH BDUs will be allowed to devote part of their contribution to Canadian programming to the production of local news on local television stations; and

financial support will be available to independent local television stations (i.e. stations that are not part of large vertically integrated groups) through the creation of the Independent Local News Fund, which will replace the Small Market Local Production Fund. All licensed BDUs will be required to contribute to the new fund.

Television Service Provider Code

On January 7, 2016, the CRTC announced a new Television Service Provider Code (the “**Code**”), a mandatory code of conduct for television service providers (“**TVSPs**”). The Code makes it easier for Canadians to understand their television service agreements and empowers customers in their relationships with TVSPs. Among other things, the Code requires TVSPs to ensure that their written agreements with and offers to customers are clear. It also sets out new rules for trial periods for persons with disabilities and makes changes to programming options, service calls, service outages and disconnections. The Code came into effect on 1 September 2017. All licensed TVSPs, as well as those exempted from licensing and that are affiliated with or controlled by a licensed TVSP, are required to adhere to the Code.

Canadian Telecommunications Services

Jurisdiction

The provision of telecommunications services in Canada is regulated by the CRTC pursuant to the Telecommunications Act. The Telecommunications Act provides for the regulation of facilities-based telecommunications common carriers under federal jurisdiction. With certain exceptions, companies that own or operate transmission facilities in Canada that are used to offer telecommunications services to the public for compensation are deemed “telecommunications common carriers” under the Telecommunications Act administered by the CRTC and are subject to regulation. Cable operators offering telecommunications services are deemed “Broadcast Carriers.”

In the Canadian telecommunications market, Videotron operates as a CLEC and a Broadcast Carrier. Videotron also operates its own 4G mobile wireless network and offers services over this network as a Wireless Service Provider (“**WSP**”).

The issuance of licenses for the use of radiofrequency spectrum in Canada is administered by ISED under the Radiocommunication Act. Use of spectrum is governed by conditions of license which address such matters as license term, transferability and divisibility, technical compliance, lawful interception, research and development requirements, and requirements related to antenna site sharing and mandatory roaming.

Spectrum Holdings and License Conditions

Our AWS-1 licenses were issued on December 23, 2008, for a term of 10 years. On February 15, 2018, ISED issued its decision related to the terms of renewal of AWS-1 licenses. Pursuant to this decision, all our licenses were renewed on December 23, 2018 for a new 20-year term. The terms of renewal include, among other things, enhanced geographic coverage requirements. A public consultation to determine the license fees to be paid during this renewal term has not yet been initiated.

Our 700 MHz licenses were issued on April 3, 2014, for a term of 20 years. At the end of this term, we will have a high expectation that new licenses will be issued for a subsequent term through a renewal process unless a breach of license condition has occurred, a fundamental reallocation of spectrum to a new service is required, or an overriding policy need arises. The process for issuing licenses after this term and any issues relating to renewal, including the terms and conditions of the new licenses, will be determined by ISED following a public consultation.

Our AWS-3 licenses were issued on April 21, 2015, for a term of 20 years. License renewal at the end of this term will be governed by conditions identical to those just described for our 700 MHz licenses.

Our 2500 MHz licenses were issued on June 24, 2015, for a term of 20 years. License renewal at the end of this term will be governed by conditions identical to those just described for our 700 MHz and AWS-3 licenses.

Table of Contents

On May 27, 2019, pursuant to a recently concluded commercial mobile spectrum auction, we were issued 10 licenses for low frequency spectrum in the 600 MHz band, a band well suited for the deployment of 5G wireless services. These licenses provide for 30 MHz of spectrum coverage in Eastern, Southern and Northern Québec, as well as 10 MHz of coverage in Eastern Ontario and the Outaouais. These licenses have a term of 20 years, with renewal conditions identical to those described above for our 700 MHz, AWS-3 and 2500 MHz licenses.

On March 5, 2020, ISED announced its policy and licensing framework for the auction of commercial mobile spectrum in the 3500 MHz band. The framework includes most notably the set aside of 50 MHz of spectrum in most license territories for eligible facilities-based telecommunication service providers like Videotron that are not national incumbent wireless carriers. The auction will commence on December 15, 2020 and is expected to conclude in early 2021. The mid frequency 3500 MHz band is considered a key band for early 5G deployment.

ISED has further announced its intention to conduct an auction of high frequency millimetre wave spectrum in 2021. The millimetre bands are also viewed as well-suited for the deployment of 5G wireless services. A public consultation on the policy and licensing framework for these frequencies has not yet been initiated.

Application of Canadian Telecommunications Regulation

In a series of decisions, the CRTC has determined that the carriage of “non-programming” services by a cable company results in that company being regulated as a carrier under the Telecommunications Act. This applies to a company serving its own customers, or allowing a third party to use its distribution network to provide non-programming services to customers, such as providing access to cable Internet services.

In addition, the CRTC regulates the provision of telephony services in Canada.

Elements of the CRTC’s local telecommunications regulatory framework to which Videotron is subject include: interconnection standards and inter-carrier compensation arrangements; the mandatory provision of equal access (*i.e.* customer choice of long distance provider); standards for the provision of 911 service, message relay service and certain privacy features; and the obligation not to prevent other local exchange carriers from accessing end-users on a timely basis under reasonable terms and conditions in multi dwelling units where Videotron provides service.

As a CLEC, Videotron is not subject to retail price regulation. ILECs remain subject to retail price regulation in those geographic areas where facilities-based competition is insufficient to protect the interests of consumers. Videotron’s ILEC competitors have requested and been granted forbearance from regulation of local exchange services in the vast majority of residential markets in which Videotron competes, as well as in a large number of business markets, including all of the largest metropolitan markets in the Province of Québec.

In a decision issued on December 21, 2016, the CRTC established a new universal service objective under which all Canadians, in urban areas as well as rural and remote areas, are to have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks. To help achieve this universal service objective, the CRTC has begun to shift the focus of its regulatory frameworks from cable voice services to broadband Internet access services. Most notably, in a decision issued on June 26, 2018, the CRTC confirmed that it will phase out over a period of three years ending December 31, 2021 the existing revenue-based contribution regime that subsidizes local telephone service and replace it with a new regime that will subsidize broadband Internet access services in underserved areas. The new regime began on January 1, 2020, with a planned expenditure of \$100 million on broadband Internet projects in 2020, increasing gradually to \$200 million in 2024. The contribution base also changed on January 1, 2020, and now includes retail Internet revenues for the first time. As a result of these changes, Videotron will incur increased revenue-based contribution payments beginning in 2020. Videotron will also be eligible to apply for subsidies to help finance broadband Internet expansion projects in underserved areas.

Right to Access to Telecommunications and Support Structures

The CRTC has concluded that some provisions of the Telecommunications Act may be characterized as encouraging joint use of existing support structures of telephone utilities to facilitate efficient deployment of cable distribution undertakings by Canadian carriers. We access these support structures in exchange for a tariff that is regulated by the CRTC. If it were not possible to agree on the use or conditions of access with a support structure owner, we could

Table of Contents

apply to the CRTC for a right of access to a supporting structure of a telephone utility. The Supreme Court of Canada, however, held on May 16, 2003, that the CRTC does not have jurisdiction under the Telecommunications Act to establish the terms and conditions of access to the support structures of hydro-electricity utilities. Terms of access to the support structures of hydro-electricity utilities must therefore be negotiated with those utilities.

Videotron has entered into comprehensive support structure access agreements with all of the major hydro-electric companies and all of the major telecommunications companies in its service territory.

Right to Access to Municipal Rights-of-Way

Pursuant to sections 42, 43 and 44 of the Telecommunications Act, the CRTC possesses certain construction and expropriation powers related to the installation, operation and maintenance of telecommunication facilities. In the past, most notably in Telecom Decision CRTC 2001-23, the CRTC has used these powers to grant Canadian carriers access to municipal rights-of-way under terms and conditions set out in a municipal access agreement.

On September 6, 2019 and February 14, 2020 respectively, the CRTC ruled on longstanding municipal access disputes between the cities of Gatineau and Terrebonne, Québec and several large telecommunications carriers, including Videotron. In its decisions, the CRTC provided clarification, among other things, on the situations for which the cities may require an access permit, the access fees the cities may charge and the methodology for apportioning the cost of displacing telecommunications facilities. These decisions may result in an increase in the payments made by Videotron to Gatineau and Terrebonne. They may also be viewed as precedents by other municipalities.

Regulatory Framework for Internet Services

In Canada, access to the Internet is a telecommunications service and is regulated under the Telecommunications Act. On July 9, 1998, the CRTC released a decision forbearing from the exercise of most of its powers under the Telecommunications Act as they relate to retail level Internet services. However, the CRTC did maintain its ability to require conditions governing customer confidential information and to place other general conditions on the provision of Internet service. In addition, the Commission undertook to approve the rates and terms on which incumbent cable and telephone companies provide access to their telecommunications facilities with respect to competitive providers of retail level Internet services.

Since 1998, the CRTC has exercised its power to place general conditions on the provision of Internet services, for example, to establish a framework governing the traffic management practices that may be employed by an Internet service provider. More recently, on July 31, 2019, the CRTC published the Internet Code, a mandatory code of conduct for large facilities-based providers of retail Internet services in the residential market. The Code, which took effect on January 31, 2020, includes measures related to such matters as contract clarity, changes to contracts and related documents, bill management and contract cancellation and extension. Videotron's operations were already largely consistent with the Code and, as a result, we do not foresee any substantive issues with compliance.

The largest cable operators in Canada, including Videotron, have been required by the CRTC to provide third-party ISPs with access to their cable systems at mandated cost-based rates. At the same time we offer any new retail Internet service speed, we are required to file proposed revisions to our third party Internet access or TPIA tariff to include this new speed offering. TPIA tariff items have been filed and approved for all Videotron Internet service speeds. Numerous third party ISPs are interconnected to our cable network and are thereby providing retail Internet access services.

The CRTC also requires the large cable carriers, such as us, to allow third party ISPs to provide telephony and networking (LAS/VPN) applications services in addition to retail Internet access services.

In a series of decisions since 2015, the CRTC has reemphasized the importance it accords to mandated wholesale access arrangements as a driver of competition in the retail Internet access market. Most significantly, the CRTC has ordered all of the major telephone and cable companies, including Videotron, to provide new disaggregated wholesale access services, which are to replace existing aggregated wholesale access services after a transition period. These disaggregated services involve third-party ISPs provisioning their own regional transport services. They also include mandated access to Internet services provided over fibre-access facilities, including the fibre-access facilities of the large

Table of Contents

incumbent telephone companies. A tariff proceeding is under way to set the rates for these new disaggregated wholesale services.

In parallel, on October 6, 2016, the CRTC ordered a significant interim reduction to the aggregated wholesale Internet access service tariffs of the large cable carriers and telephone companies, pending approval of revised final rates. The interim rate reduction took effect immediately.

On August 15, 2019, the CRTC published a decision on the final aggregated wholesale Internet tariffs of the large cable carriers and telephone companies. These final tariffs are substantially below the interim tariffs published on October 6, 2016 and include, for the first time, a flat rate for wholesale Internet access independent of access speed. In addition, the CRTC ordered that these final tariffs be applied retroactively to March 31, 2016. In the case of Videotron, we estimate this could represent a retroactive reduction in earnings of approximately \$22.0 million (before income taxes) in 2019 and approximately \$30.0 million (before income taxes) from March 31, 2016 to December 31, 2018.

On September 13, 2019, a coalition of cable companies (including Videotron) filed an appeal of the CRTC's decision with the Federal Court of Appeal arguing, among other things, that the decision is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. Bell filed a similar appeal. The cable companies and Bell also filed separate requests to stay the implementation of the decision pending disposition of their appeals. On November 22, 2019, the Court granted the cable companies and Bell leave to appeal the CRTC's decision, as well as a stay of the decision pending final judgment of the Court.

On November 13, 2019, a coalition of cable companies (including Videotron) filed a petition to the federal Cabinet requesting that it order the CRTC to reconsider its August 15, 2019 decision concerning wholesale Internet tariff rates. The cable companies argued that the decision fundamentally disrupts the CRTC's regime for wholesale Internet access by promoting the financial interests of resellers above all else and request that the CRTC be ordered to reconsider the decision in conjunction with its previously announced review of the entire wholesale regulatory framework. The cable companies further requested that the CRTC be ordered to take Canada's broader telecommunications policy objectives into account as part of its reconsideration and that the Cabinet amends the August 15, 2019 decision by making any wholesale rates that the CRTC eventually establishes, after reconsidering its decision, applicable only on a forward looking basis, rather than retroactive. Bell and Telus each filed similar petitions. The Cabinet has until August 15, 2020 to consider these petitions.

On December 13, 2019, a coalition of cable companies (including Videotron), filed an application with the CRTC to review, vary and stay its August 15, 2019 decision based on substantial doubt as to correctness of the rate setting methodology relied upon by the CRTC in the decision. Bell and Telus each filed similar applications. The interested parties had until February 17, 2020 to comment on these applications. The applicants have until March 13, 2020 to reply to these comments, and a CRTC decision is expected thereafter in due course.

If the CRTC's August 15, 2019 decision is ultimately upheld in its current form, it will significantly reduce Videotron's wholesale Internet service revenues. It will also significantly change the competitive landscape and will allow Internet resellers to adopt more aggressive pricing strategies in the retail market. This could affect our ability to recover our costs of providing these services.

Regulatory Framework for Mobile Wireless Services

The CRTC also regulates mobile wireless services under the Telecommunications Act. On August 12, 1994, the CRTC released a decision forbearing from the exercise of most of its powers under the Telecommunications Act as they relate to mobile wireless service. However, the CRTC did maintain its ability to require conditions governing customer confidential information and to place other general conditions on the provision of mobile wireless service. Since 1994, the CRTC has exercised this power, for example, to mandate wireless number portability, and to require all WSPs to upgrade their networks to more precisely determine the location of a person using a mobile phone to call 911.

The Wireless Code was published on June 3, 2013 and came into force on December 2, 2013. It includes, among other things, a limit on early cancellation fees to ensure customers can take advantage of competitive offers at least every two years, as well as measures requiring service providers to unlock wireless devices, to offer a trial period for wireless contracts, and to set default caps on data overage charges and data roaming charges. On June 15, 2017, the CRTC

[Table of Contents](#)

published a series of revisions to the Wireless Code. These revisions include, among other things, new rules ensuring customers will be provided with unlocked devices, giving families more control over data overages, setting minimum usage limits for the trial period and clarifying that data is a key contract term that cannot be changed during the commitment period without the customer's consent. On August 30, 2019, the CRTC initiated a proceeding to consider whether device financing plans, including those with terms longer than 24 months, are compliant with the Wireless Code. The record of this proceeding closed on October 30, 2019 and a decision is expected shortly.

On July 31, 2014, after an investigation that confirmed instances of unjust discrimination and undue preference by one incumbent wireless carrier, the CRTC took action to prohibit exclusivity provisions in wholesale mobile wireless roaming agreements between Canadian carriers for service in Canada. Subsequently, on May 5, 2015, after a broader follow-up proceeding, the CRTC issued a comprehensive policy framework for the provision of wholesale wireless services, including roaming, tower sharing and MVNOs access services. Most notably, the CRTC decided that each of the three national wireless incumbent carriers would be obliged to provide wholesale roaming services to regional and new entrant carriers at cost-based rates. On March 22, 2018, the CRTC ruled on the final cost-based rates, declaring them retroactive to May 5, 2015.

On December 17, 2014, the Government of Canada's second omnibus budget implementation bill for 2014 (C-43) received Royal Assent. This bill amends both the Telecommunications Act and the Radiocommunication Act to give the CRTC and ISED the option to impose monetary penalties on companies that violate established rules such as the Wireless Code and those related to the deployment of spectrum, services to rural areas and tower sharing.

In its May 5, 2015 policy framework for the provision of wholesale wireless services, the CRTC elected not to order cost-based rates for either tower sharing or MVNO access services. In addition, the CRTC elected to exclude non-carrier WiFi networks from the definition of "home network" for the purpose of determining who may access the wholesale roaming service tariffs of the national wireless incumbent carriers. This latter measure had the effect of denying access to these tariffs by Wi-Fi first service providers. Later, on July 20, 2017, in response to a directive received from the Governor in Council, the CRTC initiated a proceeding to review potential terms of access by Wi-Fi first service providers (and possibly other types of service providers) to the incumbents' wholesale roaming service tariffs. On March 22, 2018, the CRTC ruled that no changes would be made to the terms of access by Wi-Fi first service providers, yet initiated a new proceeding to address an identified gap in the market for lower-cost data-only plans for consumers. In the course of this proceeding, the three national incumbent wireless carriers each filed specific proposals for lower-cost data-only plans they intended to implement. In a decision issued on December 17, 2018, the CRTC stated its expectation that the national incumbent wireless carriers implement these plans within 90 days and that these plans remain available until a decision is issued with respect to an upcoming review of mobile wireless services.

On January 13, 2020, the CRTC initiated its anticipated review of mobile wireless services. The review includes an assessment of the status of competition in the retail market. Depending on the results of this assessment, the CRTC will evaluate whether any changes to its mobile wireless service regulatory framework are required, which could include, for example, establishing new retail policies and imposing conditions of service. The review also includes an assessment of whether the CRTC needs to make adjustments or improvements to its existing wholesale roaming policy. In addition, the CRTC has requested parties to make submissions on its preliminary view that it would be appropriate to mandate that the national wireless carriers provide wholesale MVNO access as an outcome of the proceeding. Finally, the CRTC has invited parties to provide their views on whether any further regulatory measures are required to reduce barriers to the deployment of cellular infrastructure, for example regarding access to telephone utility support structures and municipal infrastructure. The decisions to be taken by the CRTC on all these matters, most notably the question of whether to mandate the provision of wholesale MVNO access, stand to have a significant impact on competitive environment for mobile wireless services and on Videotron's business case for further network investment and expansion. A public hearing on these matters was held in February 2020. We expect the CRTC to publish its decisions in mid-2020.

On April 20, 2017, the CRTC published a new policy framework for assessing the differential pricing practices of Internet service providers. With very narrow exceptions, this framework prohibits the offering of zero-rated services by Internet service providers in Canada, including mobile wireless data service providers. Simultaneously with the publication of this new framework, and as a first application thereof, the CRTC ordered Videotron to cease providing its Unlimited Music mobile wireless offering. Videotron has complied with this order. Going forward, this new framework will impact Videotron's flexibility in the design and marketing of its wireless and wireline data services.

[Table of Contents](#)

Municipal Siting Processes for Wireless Antenna Systems

On February 28, 2013, the Canadian Wireless Telecommunications Association, of which Videotron is a member, and the Federation of Canadian Municipalities signed a joint protocol on the siting process for wireless antenna systems. The protocol establishes a more comprehensive notification and consultation process than current regulations, and emphasizes the need for meaningful pre-consultation to ensure local land use priorities and sensitivities are fully reflected in the location and design of new antenna systems. Telecommunications carriers have agreed for the first time to notify municipalities of all antennas being installed before their construction, regardless of height, and to undertake full public consultation for towers under 15 meters - whenever deemed necessary by the municipality.

On June 26, 2014, the predecessor to ISED announced changes to the policy guiding the installation of new antenna towers, most notably to require companies to consult communities on all commercial tower installations regardless of height and to ensure residents are well informed of upcoming consultations. These changes are largely consistent with the joint protocol cited above.

Sales Practices

On June 6, 2018, the Governor in Council issued Order in Council P.C. 2018-0685 requiring the CRTC to make a report regarding the retail sales practices of Canada's large telecommunications carriers. The CRTC initiated a proceeding to examine the matters identified in the Order in Council. The CRTC sought comments from Canadians on their personal experiences with any misleading or aggressive retail sales practices of large telecommunications carriers and third parties who offer the telecommunications services of those carriers for sale, including comments from consumers who are vulnerable due to their age, a disability, or a language barrier, as well as from current and former employees of the service providers. The CRTC also sought comments from large telecommunications carriers, the Commission for Complaints for Telecom-television Services, public interest organizations, research groups, and any other interested persons. The CRTC held a public hearing on October 22, 2018, to explore these issues with Canadians and stakeholders. The Commission also used various additional means, including a public opinion survey, online consultations, and focus groups, to better understand the views of Canadians.

On February 20, 2019, the CRTC published its Report on Misleading or Aggressive Communications Retail Sales Practices. The CRTC found evidence of misleading or aggressive sales practices by certain telecommunications services providers and concluded that more needs to be done to protect consumers. The report also noted that, even with the existing measures put in place, misleading or aggressive sales practices occur to an unacceptable degree. The CRTC is taking action to introduce new measures to ensure Canadians' interactions with their service providers are carried out in a fair and respectful way, such as creating the new Internet Code discussed above and a secret shopper program to monitor sales practices. The CRTC is also considering putting into place additional measures to address the situation (e.g. requiring service providers to provide pre-sales quotes, to offer trial periods, to ensure their offers and promotions match the customer's needs and means). In addition, a set of best practices for service providers was proposed.

Canadian Publishing

Federal and provincial laws do not directly regulate the publication of newspapers in Canada. There are, however, indirect restrictions on the foreign ownership of Canadian newspapers by virtue of certain provisions of the Income Tax Act (Canada), which limits the deductibility by Canadian taxpayers of advertising expenditures which are made in a newspaper other than, subject to limited exceptions, a "Canadian issue" of a "Canadian newspaper." For any given publication to qualify as a Canadian issue of a Canadian newspaper, the entity that publishes it, if publicly traded on a prescribed stock exchange in Canada, must ultimately be controlled, in law and in fact, by Canadian citizens and, if a private company, must be at least 75% owned, in vote and in value, and controlled in fact by Canadians. In addition, the publication must be printed and published in Canada and edited in Canada by individuals resident in Canada. All of our newspapers qualify as "Canadian issues" of "Canadian newspapers" (or otherwise fall outside of the limitation on deductibility of advertising expenses) and, as a result, our commercial advertisers generally have the right to deduct their advertising expenditures with us for Canadian tax purposes.

Table of Contents

ITEM 4A — UNRESOLVED STAFF COMMENTS

None.

ITEM 5 — OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Management Discussion and Analysis provides information concerning the operating results and financial condition of Quebecor Media Inc. (“Quebecor Media” or the “Corporation”). This discussion should be read in conjunction with the consolidated financial statements and accompanying notes. The Corporation’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

All amounts are in Canadian dollars (“CAN dollars”), unless otherwise indicated. This discussion contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed under “Cautionary Statement Regarding Forward-Looking Statements” and in “Item 3. Key Information — Risk Factors.”

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation’s segments are engaged in various long-term leases relating to premises and equipment. Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under the previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income. Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities. The impact of adoption of IFRS 16 on a fully retrospective basis is described under “Changes in Accounting Policies.”

Table 3 provides a reconciliation of adjusted EBITDA to net income without restatement of comparative figures following adoption of IFRS 16, as permitted under IFRS. Form F1 in Canadian securities regulatory authorities’ *Regulation 51-102 respecting Continuous Disclosure Obligations* stipulates that if a choice made in applying a change in accounting policies has a material effect, as is the case with IFRS 16, the Corporation may explain its choice and discuss the effect on its financial performance.

DISCONTINUED OPERATIONS

On January 24, 2019, Videotron Ltd. (“Videotron”) sold its 4Degrees Colocation Inc. (“4Degrees Colocation”) data centre operations for an amount of \$261.6 million, which was fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by Videotron in the second quarter of 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years.

Accordingly, a gain on disposal of \$97.2 million, net of income taxes of \$18.5 million, was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. The results of operations and cash flows of these businesses were reclassified as discontinued operations in the consolidated statements of income and cash flows.

In this Management Discussion and Analysis, only continuing operating activities of Quebecor Media are included in the analysis of the Corporation’s activities and in the analysis of its segment operating results.

Table of Contents

OVERVIEW

Quebecor Media is one of Canada's leading telecommunications and media companies, with activities in mobile and cable telephony, Internet access, cable television, over-the-top ("OTT") video service, business telecommunication solutions, broadcasting, soundstage and equipment rental, audiovisual content production and distribution, newspaper publishing and distribution, specialized websites, book and magazine publishing and distribution, rental and distribution of video games and game consoles, music production and distribution, out-of-home advertising, operation and management of a world-class entertainment venue, ownership and management of Quebec Major Junior Hockey League ("QMJHL") teams, concert production and management and promotion of sporting and cultural events. Through its Videotron subsidiary, Quebecor Media is a leading mobile and cable communication service provider. Quebecor Media also holds leading positions through its Media segment and its Sports and Entertainment segment in the creation, promotion and distribution of entertainment and news, and in related Internet services that are designed to appeal to audiences in every demographic category. Quebecor Media continues to pursue a convergence strategy to capture synergies within its portfolio of properties and to leverage the value of its content across multiple distribution platforms.

Quebecor Media's operating subsidiaries' primary sources of revenue include: subscriptions to Internet access, cable television, mobile and cable telephony services, telecommunication equipment sales, connection services and OTT video service; television broadcasting, newspapers and magazines subscriptions and advertising revenues; soundstage and equipment rental and services; audiovisual content production and distribution; book publishing and distribution; music distribution; and event management, promotion and production.

The major components of Quebecor Media's subsidiaries' costs are comprised of employee costs and purchase of goods and services costs, which include royalties, rights and creation costs, cost of products sold, service contracts, marketing, circulation and distribution, and other expenses.

QUEBECOR MEDIA'S SEGMENTS

Quebecor Media's subsidiaries operate in the following business segments: Telecommunications, Media, and Sports and Entertainment.

TREND INFORMATION

Competition continues to intensify in the mobile and cable telephony, Internet access, cable television and OTT video markets. Due to ongoing technological developments, the distinction between those platforms is fading rapidly and we expect increasing competition from non-traditional businesses across the key business segments of the Corporation. Competition also comes from wholesale Internet resellers. These resellers purchase large companies' high-speed access services to offer their own services to customers. Thus, the subscriber growth recorded in the Telecommunications sector in past years is not necessarily representative of future growth.

Moreover, the Telecommunications segment has in the past required substantial capital for the upgrade, expansion and maintenance of its mobile and cable networks, the launch and expansion of new or additional services to support growth in its customer base and demand for increased bandwidth capacity and other services. The Corporation expects that additional capital expenditures will be required in the short and medium term to expand and maintain the Telecommunications segment's systems and services, including expenditures relating to the cost of its mobile services infrastructure, maintenance and enhancement, as well as costs relating to advancements in LTE-Advanced and 5G mobile technologies, network virtualisation and automation, Internet access capacity and speed, ultra-high-definition television, Internet of Things, Internet Protocol Television ("IPTV") and OTT delivery technology, as well as the introduction of virtual reality and home automation. In addition, the demand for wireless data services has been growing constantly and is projected to continue to grow in the future. The anticipated levels of data traffic will represent an increasing challenge to the current mobile network's capabilities to support this traffic and we may have to acquire additional spectrum in the future.

Some of Quebecor Media's lines of business are cyclical in nature. They are dependent on advertising and, particularly in the newspaper and magazine businesses, on circulation sales. Operating results are therefore sensitive to prevailing economic conditions.

The Media industry has experienced fundamental and permanent structural changes. Generalized audience fragmentation has prompted many advertisers to review their media placement strategies and turn an important part of their advertising budgets over to international competitors operating solely in digital media. In the broadcasting industry, audiences are increasingly fragmented as viewing habits have shifted toward Internet based content delivery platforms that allow users greater control over content and timing, such as the OTT video services. The Corporation's Media segment has taken steps in order to maintain its leadership position and offer audiences and advertisers alike the best available content, when they want it and on the media platform they

Table of Contents

want. Moreover, newspaper and magazine circulation, measured in terms of copies sold, has been declining in that industry over the past several years. The traditional run of press advertising for major multimarket retailers has been declining due to a shift in marketing strategy toward other media and to retail industry consolidation. To respond to such competition, the Media segment's operations have developed their Internet presence through branded websites, including specialized websites.

The Sports and Entertainment segment has made significant investments in its efforts to develop the business. The Corporation expects that additional capital expenditures and other investments will be required to expand the Sports and Entertainment segment despite not operating in a major market.

In the books and music businesses, digital technology has disrupted buying and consuming habits, particularly with the emergence of vehicles such as music streaming and e-books, which compete with conventional formats.

QUEBECOR MEDIA'S INTEREST IN ITS SUBSIDIARIES

Table 1 shows Quebecor Media's equity interest in its main subsidiaries at December 31, 2019.

Table 1

Quebecor Media's interest (direct and indirect) in its main subsidiaries

As of December 31, 2019

	Percentage of vote	Percentage of equity
Videotron Ltd.	100.0%	100.0%
TVA Group Inc.	99.9%	68.4%
MediaQMI Inc.	100.0%	100.0%
QMI Spectacles inc.	100.0%	100.0%

Quebecor Media's interest in its subsidiaries has not varied significantly over the past three years.

HIGHLIGHTS SINCE END OF 2018

Quebecor Media's revenues totalled \$4.29 billion in 2019, a \$112.8 million (2.7%) increase from 2018.

Telecommunications

The Telecommunications segment grew its revenues by \$98.4 million (2.9%) and its adjusted EBITDA by \$87.8 million (5.1%) in 2019.

Videotron significantly increased its revenues from mobile telephony (\$66.3 million or 12.4%), customer equipment sales (\$36.3 million or 15.5%) and Internet access (\$35.0 million or 3.2%) in 2019.

Videotron's total average billing per unit ("ABPU") was \$50.00 in 2019, compared with \$49.51 in 2018, a \$0.49 (1.0%) increase. Mobile ABPU was \$52.56 in 2019 compared with \$53.62 in 2018, a \$1.06 (-2.0%) decrease due in part to the popularity of bring your own device ("BYOD") plans.

Videotron posted a net increase of 85,900 revenue-generating units ("RGU") (1.4%) in 2019, including 176,700 subscriber connections (15.3%) to the mobile telephony service, the largest annual increase in the number of connections since the launch of the mobile network in 2010; 38,500 subscribers (9.1%) to the Club illico over-the-top video service ("Club illico"), and 22,800 subscribers (1.3%) to cable Internet access.

On December 23, 2019, Videotron announced the closing of the acquisition of Télédistribution Amos inc. and its network in Abitibi-Témiscamingue. The acquisition is subject to approval from Innovation, Science and Economic Development Canada ("ISED Canada") and to customary conditions.

On December 13, 2019, Videotron announced that Samsung Electronics Co. Ltd. has been chosen as its partner for the roll-out of LTE-A and 5G radio access technology in Québec and in the Ottawa area. In this phase, Videotron will accelerate construction of its new generation network with a target of gradual commissioning beginning in 2020.

Table of Contents

On August 27, 2019, Videotron launched Helix, the new technology platform that is revolutionizing entertainment and home management with voice remote, ultra-intelligent Wi-Fi, and, coming soon, support for home automation, all tailored to customer needs and preferences.

On April 10, 2019, Videotron purchased 10 blocks of low-frequency spectrum in the 600 MHz band in ISED Canada's latest commercial mobile spectrum auction. The licences, covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario, were acquired for \$255.8 million.

Videotron earned numerous honours in 2019. It ranked first on the Top-Rated Workplaces: Best in Québec list based on reviews posted on Indeed, Canada's leading jobs site. Videotron ranked as the most respected telecommunications company in Québec for the 14th consecutive year in the 2019 Léger reputation survey, and it was the most influential telecommunications brand in Québec for the 6th consecutive year on the 2019 Ipsos-*Infopresse* index. Lastly, Videotron made its appearance on Mediabase Canada Inc's list of Canada's 70 greenest employers in 2019.

Media

The Media segment grew its revenues by \$9.4 million (1.3%) and its adjusted EBITDA by \$14.8 million (24.7%) in 2019.

According to the fall 2019 Vividata survey, *Le Journal de Montréal*, *Le Journal de Québec* and the free daily *24 heures* remain Québec's news leaders with more than 4.0 million readers per week across all platforms (print, mobile and Internet). TVA Group Inc. ("TVA Group") remains a leading player in the Canadian magazine industry with nearly 9.0 million readers across all platforms.

On April 1, 2019, TVA Group closed the acquisition of the companies in the Incendo Media inc. ("Incendo Media") group, a Montréal-based producer and distributor of television programs for international markets, for a cash consideration of \$11.1 million (net of cash acquired of \$0.9 million) and a balance payable at fair value of \$6.8 million. An amount of \$0.6 million relating to certain post-closing adjustments was also received in the third quarter of 2019.

On February 13, 2019, TVA Group closed the acquisition of the companies in the Serdy Média inc. ("Serdy Média") group, which owns and operates the Évasion and Zeste specialty channels, along with the companies in the Serdy Video Inc. ("Serdy Video") group, for a total consideration of \$23.5 million, net of acquired cash of \$0.5 million. Post-closing adjustments of \$1.6 million were also paid in the third quarter of 2019. The transaction was announced on May 1, 2018 and received Canadian Radio-television and Telecommunications Commission ("CRTC") approval on January 14, 2019.

Sports and Entertainment

In September 2019, the Videotron Centre completed its fourth year of operations. During that year, the Videotron Centre hosted 97 sporting events and concerts, a 6.6% increase from the previous year. In December 2019, the trade magazine *Pollstar* ranked the Videotron Centre 92nd in the world and 6th in Canada among arenas by 2019 ticket sales.

Financial transactions

On February 21, 2020, TVA Group amended its secured revolving credit facility to extend its term from February 2020 to February 2021, to reduce the amount available for borrowing from \$150.0 million to \$75.0 million and to amend certain terms and conditions of the facility. On February 13, 2019, TVA Group amended this secured revolving credit facility to extend its term to February 2020 and to amend certain terms and conditions of the facility.

On October 8, 2019, Videotron issued \$800.0 million aggregate principal amount of 4.50% Senior Notes maturing on January 15, 2030, for net proceeds of \$790.7 million, net of financing fees of \$9.3 million. Videotron used the proceeds mainly to pay down a portion of the amount due under its secured revolving credit facility.

On July 15, 2019, Quebecor Media prepaid the balance of its term loan "B" and settled the related hedging contracts for a total cash consideration of \$340.9 million.

On February 15, 2019, Quebecor Media amended its \$300.0 million secured revolving credit facility, extending its term to July 2022 and to amend certain terms and conditions of the facility.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures that are used by the Corporation to assess its financial performance, such as adjusted EBITDA, cash flows from segment operations and free cash flows from continuing operating activities, are not calculated in accordance with, or recognized by IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by

Table of Contents

other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, (loss) gain on valuation and translation of financial instruments, restructuring of operations, litigation and other items, gain on sale of spectrum licences, impairment of goodwill and intangible assets, loss on debt refinancing, income taxes and income from discontinued operations. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation's parent company, Quebecor, uses adjusted EBITDA in order to assess the performance of its investment in Quebecor Media. The Corporation's management and Board of Directors use this measure in evaluating its consolidated results as well as the results of its operating segments. This measure eliminates the significant level of impairment and depreciation/amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of Quebecor Media and its business segments. Adjusted EBITDA is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in the Corporation's segments. The Corporation also uses other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 2 provides a reconciliation of adjusted EBITDA to net income as disclosed in the Corporation's consolidated financial statements. The consolidated income statement data for the three-month periods ended December 31, 2019 and 2018 presented in Table 2 is derived from the unaudited consolidated financial statements for such periods not included in this annual report.

[Table of Contents](#)

Table 2

Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the consolidated financial statements

(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2019	2018	2017	2019	2018
Adjusted EBITDA (negative adjusted EBITDA):					
Telecommunications	\$ 1,803.4	\$ 1,715.6	\$ 1,593.1	\$ 462.7	\$ 435.4
Media	74.8	60.0	73.8	35.3	28.5
Sports and Entertainment	7.3	10.5	11.6	2.6	3.3
Head Office	(2.6)	(4.7)	(12.7)	(4.7)	(4.4)
	1,882.9	1,781.4	1,665.8	495.9	462.8
Depreciation and amortization	(751.2)	(753.3)	(739.9)	(186.5)	(190.5)
Financial expenses	(282.9)	(291.5)	(294.3)	(68.6)	(73.9)
(Loss) gain on valuation and translation of financial instruments	(0.8)	(0.9)	(2.4)	(1.9)	0.5
Restructuring of operations, litigation and other items	(28.6)	(29.1)	(17.5)	(1.6)	(7.0)
Gain on sale of spectrum licences	—	—	330.9	—	—
Impairment of goodwill and intangible assets	—	—	(43.8)	—	—
Loss on debt refinancing	—	—	(15.6)	—	—
Income taxes	(215.5)	(167.5)	(141.0)	(61.7)	(31.2)
Income from discontinued operations	97.5	3.8	18.2	—	1.1
Net income	\$ 701.4	\$ 542.9	\$ 760.4	\$ 175.6	\$ 161.8

Table of Contents

Adjusted EBITDA without restatement of comparative figures

Table 3 provides a reconciliation of adjusted EBITDA to net income without restatement of comparative figures following the adoption of IFRS 16.

Table 3

Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the consolidated financial statements, without restatement of comparative figures following the adoption of IFRS 16

(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2019	2018	2017	2019	2018
Adjusted EBITDA (negative adjusted EBITDA):					
Telecommunications	\$ 1,803.4	\$ 1,677.0	\$ 1,557.8	\$ 462.7	\$ 425.9
Media	74.8	55.3	69.3	35.3	27.5
Sports and Entertainment	7.3	5.0	6.2	2.6	1.9
Head Office	(2.6)	(4.9)	(14.1)	(4.7)	(4.2)
	1,882.9	1,732.4	1,619.2	495.9	451.1
Depreciation and amortization	(751.2)	(717.9)	(705.3)	(186.5)	(181.7)
Financial expenses	(282.9)	(280.5)	(281.8)	(68.6)	(71.3)
Loss (gain) on valuation and translation of financial instruments	(0.8)	(0.9)	(2.4)	(1.9)	0.5
Restructuring of operations, litigation and other items	(28.6)	(29.8)	(17.2)	(1.6)	(7.7)
Gain on sale of spectrum licences	—	—	330.9	—	—
Impairment of goodwill and intangible assets	—	—	(43.8)	—	—
Loss on debt refinancing	—	—	(15.6)	—	—
Income taxes	(215.5)	(166.6)	(141.2)	(61.7)	(30.9)
Income from discontinued operations	97.5	3.8	18.2	—	1.1
Net income	\$ 701.4	\$ 540.5	\$ 761.0	\$ 175.6	\$ 161.1

Cash flows from segment operations

Cash flows from segment operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets (excluding proceeds from disposal of licences). Cash flows from segment operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. Cash flows from segment operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. Cash flows from segment operations is used by the Corporation's management and Board of Directors to evaluate cash flows generated by its segments' operations. The Corporation's definition of cash flows from segment operations may not be identical to similarly titled measures reported by other companies. When cash flows from segment operations is reported, a reconciliation to adjusted EBITDA is provided in the same section of the report.

[Table of Contents](#)

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities consists of cash flows provided by continuing operating activities calculated in accordance with IFRS, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets (excluding proceeds from disposal of licences). The Corporation uses free cash flows from continuing operating activities as a measure of total liquidity generated on a consolidated basis. Free cash flows from continuing operating activities represents funds available for business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. Free cash flows from continuing operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 8 provides a reconciliation of free cash flows from continuing operating activities of the Corporation to cash flows provided by continuing operating activities reported in the consolidated financial statements.

KEY PERFORMANCE INDICATORS

Revenue-generating unit

The Corporation uses RGU, an industry metric, as a key performance indicator. An RGU represents, as the case may be, subscriptions to the cable Internet, cable television and Club illico services, and subscriber connections to the mobile telephony and cable telephony services. RGU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of RGU may not be the same as identically titled measurements reported by other companies or published by public authorities.

Average billing per unit

The Corporation uses ABPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly average subscription billing per RGU. ABPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of ABPU may not be the same as identically titled measurements reported by other companies.

Mobile ABPU is calculated by dividing the average subscription billing for mobile telephony services by the average number of mobile RGUs during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

Total ABPU is calculated by dividing the combined average subscription billing for cable Internet, cable television, Club illico, mobile telephony and cable telephony services, by the total average number of RGUs from cable Internet, cable television, mobile telephony and cable telephony services, during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

Table of Contents

2019/2018 FINANCIAL YEAR COMPARISON

Analysis of consolidated results of Quebecor Media

Revenues: \$4.29 billion, a \$112.8 million (2.7%) increase.

Revenues increased in Telecommunications (\$98.4 million or 2.9% of segment revenues), Sports and Entertainment (\$10.1 million or 5.5%) and Media (\$9.4 million or 1.3%).

Adjusted EBITDA: \$1.88 billion, a \$101.5 million (5.7%) increase. Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased by \$150.5 million (8.7%).

Adjusted EBITDA increased in Telecommunications (\$87.8 million or 5.1% of segment adjusted EBITDA). Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased by \$126.4 million (7.5%).

Adjusted EBITDA increased in Media (\$14.8 million or 24.7%).

There was a favourable variance at Head Office (\$2.1 million), mainly due to lower stock-based compensation costs.

Adjusted EBITDA decreased in Sports and Entertainment (\$3.2 million or -30.5%).

The change in the fair value of Quebecor Media stock options resulted in a \$7.4 million favourable variance in the stock-based compensation charge in 2019 compared with 2018. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a \$3.2 million unfavourable variance in the Corporation's stock-based compensation charge in 2019.

Net income attributable to shareholders: \$695.9 million in 2019 compared with \$540.3 million in 2018, a \$155.6 million increase.

The main favourable variances were:

\$101.5 million increase in adjusted EBITDA;

\$93.7 million favourable variance in income from discontinued operations;

\$8.6 million decrease in financial expenses.

The unfavourable variance was due primarily to:

\$48.0 million increase in the income tax expense.

Net income attributable to shareholders without restatement of comparative figures following adoption of IFRS 16: \$695.9 million in 2019, compared with \$538.1 million in 2018, a \$157.8 million increase.

Depreciation and amortization charge: \$751.2 million in 2019, a \$2.1 million decrease.

Financial expenses: \$282.9 million in 2019, an \$8.6 million reduction to financial expenses caused mainly by the impact of higher interest revenues from Quebecor under loan agreements and a lower average interest rate on the debt. Additions to financial expenses were caused mainly by higher average indebtedness as a result of debt financing of a portion of the repurchase of the Quebecor Media shares held by CDP Capital d'Amérique Investissements inc. ("CDP Capital") in the second quarter of 2018, as well as debt financing of loans to Quebecor and lower interest revenues generated by liquidity.

Loss on valuation and translation of financial instruments: \$0.8 million in 2019 compared with \$0.9 million in 2018.

Charge for restructuring of operations, litigation and other items: \$28.6 million in 2019, compared with \$29.1 million in 2018.

A \$9.8 million net restructuring charge was recognized in 2019 in connection with cost-reduction initiatives in the Corporation's various segments (\$14.2 million in 2018). An \$18.8 million charge for impairment of assets was also recognized in 2019 in connection with restructuring initiatives (\$14.9 million in 2018).

Income tax expense: \$215.5 million in 2019 (effective tax rate of 26.3%), compared with \$167.5 million in 2018 (effective tax rate of 23.7%), a \$48.0 million unfavourable variance. The increase in the effective tax rates reflects recognition of benefits arising from prior year tax losses in 2018. This increase in the tax rate, combined with the impact of the increase in taxable income for tax purposes, explains the increase in the income tax expense in 2019 compared with 2018.

Table of Contents

SEGMENTED ANALYSIS

Telecommunications

In Quebecor Media's Telecommunications segment, Videotron is the largest cable operator in Québec and the third-largest in Canada by customer base. Its state-of-the-art network passes 2,950,100 homes and businesses. Videotron offers advanced mobile telephony services, including high-speed Internet access, mobile television and many other functionalities supported by smartphones; Internet access service; digital cable television services, including video-on-demand, pay-per-view and pay TV; cable telephony services; and Club illico. Videotron also includes Videotron Business, a full-service business telecommunications provider that offers mobile and cable telephony, high-speed data transmission, Internet access and cable television services. In August 2019, Videotron launched Helix, the new technology platform that is revolutionizing entertainment and home management with voice remote, ultra-intelligent Wi-Fi, and, coming soon, support for home automation, all tailored to customer needs and preferences.

The segment is also engaged in retail sales and rentals of DVDs, Blu-ray discs and console games through the Le SuperClub Vidéotron ltée subsidiary and its franchise network.

2019 operating results

Revenues: \$3.48 billion in 2019, a \$98.4 million (2.9%) increase.

Revenues from the mobile telephony service increased \$66.3 million (12.4%) to \$600.7 million, essentially due to an increase in the number of subscriber connections, partially offset by a decrease in average per-subscriber revenues.

Revenues from Internet access services increased \$35.0 million (3.2%) to \$1.11 billion, due mainly to higher per-subscriber revenues, reflecting among other things the impact of a favourable product mix and increases in some rates, and to an increase in the customer base, partially offset by a decrease in overage charges.

Total revenues from cable television services decreased \$22.3 million (-2.2%) to \$974.4 million, due primarily to the impact of the net decrease in the customer base, partially offset by higher per-customer revenues resulting from, among other things, the impact of increases in some rates.

Revenues from the cable telephony service decreased \$27.5 million (-7.5%) to \$341.1 million, mainly because of the impact of the net decrease in subscriber connections.

Revenues from customer equipment sales increased \$36.3 million (15.5%) to \$269.8 million, mainly because of the impact of equipment sales related to the new Helix platform launched on August 27, 2019.

Other revenues increased \$10.6 million (6.3%) to \$180.1 million, mainly reflecting revenue increases at Club illico and at Videotron Business.

ABPU: Videotron's total ABPU was \$50.00 in 2019 compared with \$49.51 in 2018, a \$0.49 (1.0%) increase. Mobile ABPU was \$52.56 in 2019 compared with \$53.62 in 2018, a \$1.06 (-2.0%) decrease due in part to the popularity of BYOD plans.

Customer statistics

RGUs — The total number of RGUs was 6,076,200 at December 31, 2019, an increase of 85,900 (1.4%) in 2019 compared with an increase of 109,200 in 2018 (Table 4).

Mobile telephony — The number of subscriber connections to the mobile telephony service stood at 1,330,500 at December 31, 2019, an increase of 176,700 (15.3%) in 2019 compared with an increase of 129,800 in 2018 (Table 4). The 2019 annual increase in the number of connections was the largest since the launch of the mobile network in 2010.

Cable Internet access — The number of subscribers to cable Internet access services stood at 1,727,300 at December 31, 2019, an increase of 22,800 (1.3%) in 2019 compared with an increase of 38,000 in 2018 (Table 4). As of December 31, 2019, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,950,100 homes and businesses passed by Videotron's network as of December 31, 2019, up from 2,907,900 one year earlier) of 58.6%, the same as a year earlier.

Cable television — The number of subscribers to cable television services stood at 1,531,800 at December 31, 2019, a decrease of 65,500 (-4.1%) in 2019 compared with a decrease of 43,200 in 2018 (Table 4). At December 31, 2019, the cable television service had a household and business penetration rate of 51.9% versus 54.9% a year earlier.

Table of Contents

Cable telephony — The number of subscriber connections to the cable telephony service stood at 1,027,300 at December 31, 2019, a decrease of 86,600 (-7.8%) in 2019 compared with a decrease of 74,600 in 2018 (Table 4). At December 31, 2019, the cable telephony service had a household and business penetration rate of 34.8% versus 38.3% a year earlier.

Club illico — The number of subscribers to Club illico stood at 459,300 at December 31, 2019, an increase of 38,500 (9.1%) in 2019 compared with an increase of 59,200 in 2018 (Table 4).

Table 4
Telecommunications segment year-end RGUs (2015-2019)
(in thousands of customers)

	2019	2018	2017	2016	2015
Mobile telephony	1,330.5	1,153.8	1,024.0	893.9	768.6
Cable Internet	1,727.3	1,704.5	1,666.5	1,612.8	1,568.2
Cable television	1,531.8	1,597.3	1,640.5	1,690.9	1,736.9
Cable telephony	1,027.3	1,113.9	1,188.5	1,253.1	1,316.3
Club illico	459.3	420.8	361.6	314.7	257.5
Total	<u>6,076.2</u>	<u>5,990.3</u>	<u>5,881.1</u>	<u>5,765.4</u>	<u>5,647.5</u>

Adjusted EBITDA: \$1.80 billion, an \$87.8 million (5.1%) increase due primarily to:

impact of the net revenue increase;

net decrease in operating expenses, reflecting in part the impact of a one-time gain, the favourable impact of a reversal of a provision in connection with a lawsuit, as well as lower engineering expenses, partially offset by the unfavourable impact of start-up expenses for Fizz.

Partially offset by:

retroactive favourable adjustment recorded in 2018 related to roaming fees following a CRTC decision (creating an unfavourable variance in 2019 when compared with 2018);

higher cost of mobile telephony and cable television equipment sales, reflecting in part the impact of the cost of equipment related to the new Helix platform.

Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased by \$126.4 million (7.5%).

Cost/revenue ratio: Employee costs and purchase of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 48.2% in 2019, compared with 49.3% in 2018, mainly because of the decrease in operating expenses, reflecting in part the impact of a one-time gain, the favourable impact of a reversal of a provision in connection with a lawsuit, and the fixed component of costs, which does not fluctuate in proportion to revenue growth.

Cash flows from operations

Cash flows from segment operations: \$1.12 billion in 2019 compared with \$1.02 billion in 2018 (Table 5). The \$100.6 million increase was due primarily to the \$87.8 million increase in adjusted EBITDA and a \$36.4 million decrease in additions to property, plant and equipment, mainly attributable to lower spending related to the leasing of digital set-top boxes, partially offset by a \$22.0 million increase in additions to intangible assets, due primarily to investment in the IPTV project.

Table of Contents

**Table 5: Telecommunications
Cash flows from operations**
(in millions of Canadian dollars)

	2019	2018
Adjusted EBITDA	\$ 1,803.4	\$ 1,715.6
Additions to property, plant and equipment	(476.8)	(513.2)
Additions to intangible assets (excluding acquisition of spectrum licences)	(212.2)	(190.2)
Proceeds from disposal of assets	4.1	5.7
Cash flows from segment operations	\$ 1,118.5	\$ 1,017.9

Media

In the Media segment, TVA Group operates the largest French-language private television network in North America. TVA Group is the sole owner of 6 of the 10 television stations in the TVA Network, as well as the specialty channels TVA Sports, LCN, addikTV, Prise 2, Yoopa, CASA, MOI ET CIE, Évasion and Zeste. TVA Group also holds interests in two other TVA Network affiliates and is engaged in commercial production. In addition to linear television, TVA Network and the specialty channels broadcast on-demand streaming content over multiplatform applications, including the *tva.ca* website and the TVA mobile app, which provide free access to TVA Network programs and to some specialty channel content in high definition, live or on demand.

Through its subsidiaries, TVA Group owns Mels Studios and Postproduction G.P. and Mels Dubbing Inc., providers of soundstage, equipment and mobile unit rental, postproduction, dubbing and visual effects services to the film and television industries.

Since the acquisition of the companies in the Incendo Media group on April 1, 2019, TVA Group has been engaged in the production and distribution of television programs, movies and series for international markets.

TVA Group publishes more than 50 French- and English-language magazine titles in various categories, including show business, television, fashion and decorating. It also markets digital products associated with the various magazine brands and provides custom publishing services. TVA Group is the largest magazine publisher in Québec.

The Media segment also operates two paid daily newspapers, *Le Journal de Montréal* and *Le Journal de Québec*, the free daily *24 heures* and the J5 app, which provides real-time access to news on mobile devices, tablets and Apple Watch. The websites of the paid dailies, *journaldemontreal.com* and *jurnaldequebec.com*, lead the news sites in their markets with more than 4.1 million visitors per month (source: ComScore, November 2019). According to corporate figures, the aggregate circulation of the Media segment's paid and free newspapers as of December 31, 2019 was approximately 2.3 million copies per week in print and electronic formats.

In addition, the Media segment includes NumériQ inc. ("NumériQ"), which brings together digital content and strategy production assets harnessed to create digital platforms and content for the Corporation's various platforms, and it operates a number of other digital brands, including *Le Guide de l'auto*, *Le sac de chips*, *Pèse sur Start*, *Silo 57* and *Tabloid*. NumériQ also owns QUB radio, an online and mobile audio platform with a live radio stream and a library of podcasts.

The Corporation's apps and websites log a combined total of more than 7.6 million unique visitors per month in Canada (source: ComScore, December 2019).

The Media segment is also engaged in printing newspapers, distributing newspapers and magazines, and out-of-home advertising. In addition, the segment includes QMI Agency, a news agency that provides content to all Quebecor Media properties, as well as Quebecor Media Sales, which offers Media segment customers integrated, diversified and complete advertising services.

Table of Contents

2019 operating results

Revenues: \$738.0 million in 2019, a \$9.4 million (1.3%) increase.

Subscription revenues increased by \$8.9 million (4.4%), mainly from the specialty channels, reflecting in part the impact of the acquisition of the Évasion and Zeste specialty channels on February 13, 2019, partially offset by lower magazine subscription revenues.

Other revenues increased by \$13.1 million (7.5%), mainly because of higher revenues from the production and distribution of audiovisual content following the acquisition of the companies in the Incendo Media group on April 1, 2019, combined with higher revenues from film production and audiovisual services.

Advertising revenues decreased by \$12.6 million (-3.6%), mainly because of lower advertising revenues at the newspapers and magazines, partially offset by higher advertising revenues at the specialty channels, including Évasion and Zeste.

Adjusted EBITDA: \$74.8 million in 2019, a \$14.8 million (24.7%) favourable variance due primarily to:

decreases in some operating expenses, reflecting in part the impact of the budget cuts announced in the second quarter of 2019, lower content costs in the broadcasting business, lower editorial, selling, labour and administration costs in the newspaper publishing business, and lower subscription costs in the magazines business;

the acquired businesses' contribution to adjusted EBITDA.

Partially offset by:

impact of lower revenues, on a comparable basis;

increased digital investments.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 89.9% in 2019 compared with 91.8% in 2018. The reduction was mainly due to the decrease in operating expenses and the contribution of business acquisitions.

Cash flows from operations

Cash flows from segment operations: \$28.2 million in 2019, compared with \$30.2 million in 2018 (Table 6). The \$2.0 million decrease was due to the \$13.1 million increase in additions to property, plant and equipment and to intangible assets, mainly attributable to spending on digital, and the \$3.7 million decrease in proceeds from disposal of assets, partially offset by the \$14.8 million increase in adjusted EBITDA.

**Table 6: Media
Cash flows from operations
(in millions of Canadian dollars)**

	2019	2018
Adjusted EBITDA	\$ 74.8	\$ 60.0
Additions to property, plant and equipment	(21.8)	(28.7)
Additions to intangible assets	(24.8)	(4.8)
Proceeds from disposal of assets	—	3.7
Cash flows from segment operations	\$ 28.2	\$ 30.2

Table of Contents

Sports and Entertainment

The Sports and Entertainment segment includes management and operation of the Videotron Centre under an agreement between Quebecor Media and Québec City for usage and naming rights to the arena that was ratified in 2011 and runs through 2040. The segment leases the arena, exploits advertising space, generates sponsorship revenues and operates the food concessions at events. The segment's activities also include production and coproduction of shows presented at the Videotron Centre and other venues. In addition, the Sports and Entertainment segment operates sports and cultural events manager Event Management Gestev Inc., which is the official imprint for shows and events produced in Québec by Quebecor Media.

The Sports and Entertainment segment includes the activities of the QMJHL hockey teams Armada de Blainville-Boisbriand and Remparts de Québec.

As well, the Sports and Entertainment segment includes educational publisher CEC Publishing Inc.; Sogides Group Inc., which is engaged in general literature publishing through its 18 publishing houses; and Messageries A.D.P. inc., which distributes print books and e-books, and which is the exclusive distributor for more than 260 Québec and European French-language publishers.

The Sports and Entertainment segment is engaged in the distribution of CDs and videos (Distribution Select); the distribution of music to Internet music downloading and streaming services (Select Digital); music recording and video production (Disques Musicor); and concert and event production (Musicor Spectacles).

2019 operating results

Revenues: \$192.2 million in 2019, a \$10.1 million (5.5%) increase due mainly to higher revenues from book distribution.

Adjusted EBITDA: \$7.3 million in 2019, a \$3.2 million (-30.5%) decrease due mainly to decreased contribution to margin from book distribution, lower revenues from educational publishing, and increased operating expenses for the Music business, partially offset by lower operating expenses for the concerts business.

Cash flows from operations

Cash flows from segment operations: \$2.6 million in 2019, compared with \$5.5 million in 2018 (Table 7). The \$2.9 million unfavourable variance was mainly due to the \$3.2 million unfavourable variance in adjusted EBITDA.

Table 7: Sports and Entertainment

Cash flows from operations
(in millions of Canadian dollars)

	2019	2018
Adjusted EBITDA	\$ 7.3	\$ 10.5
Additions to property, plant and equipment	(1.3)	(1.5)
Additions to intangible assets	(3.5)	(3.5)
Proceeds from disposal of assets	0.1	—
Cash flows from segment operations	\$ 2.6	\$ 5.5

[Table of Contents](#)

2019/2018 FOURTH QUARTER COMPARISON

Analysis of consolidated results of Quebecor Media

Revenues: \$1.14 billion, a \$49.1 million (4.5%) increase.

Revenues increased in Telecommunications (\$42.5 million or 4.9% of segment revenues), Media (\$10.0 million or 5.1%), and Sports and Entertainment (\$1.2 million or 2.2%).

Adjusted EBITDA: \$495.9 million, a \$33.1 million (7.2%) increase. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased by \$44.8 million (9.9%).

Adjusted EBITDA increased \$27.3 million (6.3%) in the Telecommunications segment. Without restatement of comparative figures following adoption of IFRS 16, the segment's adjusted EBITDA increased by \$36.8 million (8.6%).

Adjusted EBITDA increased in Media (\$6.8 million or 23.9%).

There was an unfavourable variance at Head Office (\$0.3 million).

Adjusted EBITDA decreased in Sports and Entertainment (\$0.7 million or -21.2%).

The change in the fair value of Quebecor Media stock options resulted in a \$2.1 million favourable variance in the stock-based compensation charge in the fourth quarter of 2019 compared with the same period of 2018. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a \$2.7 million unfavourable variance in the Corporation's stock-based compensation charge in the fourth quarter of 2019.

Net income attributable to shareholders: \$170.4 million in the fourth quarter of 2019, compared with \$158.7 million in the same period of 2018, an \$11.7 million increase.

The main favourable variances were:

\$33.1 million increase in adjusted EBITDA;

\$5.4 million decrease in the charge for restructuring of operations, litigation and other items;

\$5.3 million decrease in financial expenses.

The unfavourable variance was essentially due to:

\$30.5 million increase in the income tax expense.

Net income attributable to shareholders without restatement of comparative figures following adoption of IFRS 16: \$170.4 million in the fourth quarter of 2019, compared with \$158.1 million in the same period of 2018, a \$12.3 million increase.

Depreciation and amortization charge: \$186.5 million in the fourth quarter of 2019, a \$4.0 million decrease due primarily to decreased spending related to the leasing of digital set-top boxes.

Financial expenses: \$68.6 million in the fourth quarter of 2019, a \$5.3 million decrease caused by a favourable variance in short-term monetary items, the impact of higher interest revenues from Quebecor under loan agreements, and lower average indebtedness, partially offset by a higher average interest rate on the debt.

Loss on valuation and translation of financial instruments: \$1.9 million in the fourth quarter of 2019, compared with a \$0.5 million gain in the same period of 2018, a \$2.4 million unfavourable variance.

Charge for restructuring of operations, litigation and other items: \$1.6 million in the fourth quarter of 2019 compared with \$7.0 million in the same period of 2018, a \$5.4 million favourable variance.

A \$1.6 million net charge was recognized in the fourth quarter of 2019 in connection with cost-reduction initiatives in the Corporation's various segments (\$7.0 million in the fourth quarter of 2018).

[Table of Contents](#)

Income tax expense: \$61.7 million (effective tax rate of 26.0%) in the fourth quarter of 2019, compared with \$31.2 million (effective tax rate of 16.3%) in the same period of 2018, a \$30.5 million unfavourable variance. The increase in the effective tax rates reflects recognition of benefits arising from prior year tax losses in the fourth quarter of 2018. This increase in the tax rate, combined with the impact of the increase in taxable income for tax purposes, explains the increase in the income tax expense in the fourth quarter of 2019 compared with the same period in 2018.

Table of Contents

SEGMENTED ANALYSIS

Telecommunications

Revenues: \$908.6 million, a \$42.5 million (4.9%) increase due essentially to the same factors as those noted above under “2019/2018 financial year comparison.”

Revenues from the mobile telephony service increased \$17.7 million (12.7%) to \$157.2 million.

Revenues from Internet access services increased \$8.6 million (3.1%) to \$282.7 million.

Total revenues from cable television services decreased \$9.5 million (-3.8%) to \$239.5 million.

Revenues from cable telephony service decreased \$6.1 million (-6.8%) to \$83.7 million.

Revenues from customer equipment sales increased \$28.7 million (40.5%) to \$99.6 million.

Other revenues increased \$3.1 million (7.2%) to \$45.9 million.

ABPU: Videotron’s total ABPU was \$49.99 in the fourth quarter of 2019 compared with \$49.84 in the same period of 2018, a \$0.15 (0.3%) increase. Mobile ABPU was \$51.89 in the fourth quarter of 2019, compared with \$53.25 in the same period of 2018, a \$1.36 (-2.6%) decrease due in part to the popularity of BYOD plans.

Customer statistics

RGUs — 21,800 (0.4%) unit increase in the fourth quarter of 2019 compared with an increase of 34,400 in the same period of 2018.

Mobile telephony — 41,800 (3.2%) subscriber-connection increase in the fourth quarter of 2019 compared with an increase of 33,100 in the same period of 2018. The 2019 fourth-quarter increase in the number of connections was the largest since 2014.

Cable Internet access — 3,000 (0.2%) subscriber increase in the fourth quarter of 2019 compared with an increase of 7,000 in the same period of 2018.

Cable television — 13,400 (-0.9%) subscriber decrease in the fourth quarter of 2019 compared with a decrease of 6,400 in the same period of 2018.

Club illico — 15,800 (3.6%) subscriber increase in the fourth quarter of 2019 compared with an increase of 17,900 in the same period of 2018.

Adjusted EBITDA: \$462.7 million, a \$27.3 million (6.3%) increase due primarily to:

impact of the net revenue increase;

favourable impact of a reversal of a provision in connection with a lawsuit.

Partially offset by:

net increase in operating expenses, reflecting in part the impact of a favourable retroactive adjustment to taxes on the network recorded in 2018 (creating an unfavourable variance in 2019 compared with 2018), plus the unfavourable impact of start-up expenses for Fizz, partially offset by a decrease in engineering and advertising expenses.

Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased by \$36.8 million (8.6%).

Cost/revenue ratio: Employee costs and purchase of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 49.1% in the fourth quarter of 2019 compared with 49.7% in the same period of 2018.

[Table of Contents](#)

Media

Revenues: \$208.0 million in the fourth quarter of 2019, a \$10.0 million (5.1%) increase.

Subscription revenues increased by \$4.1 million (8.1%), mainly because of higher subscription revenues at the specialty channels, including the impact of the acquisition of Évasion and Zeste, and favourable retroactive adjustments to the subscription fees in agreements with some cable providers to reflect the fair value of the specialty channels, partially offset by lower subscription revenues at the magazines.

Other revenues increased by \$9.2 million (18.9%), due essentially to the same factors as those noted above under “2019/2018 comparison.”

Advertising revenues decreased by \$3.3 million (-3.3%), mainly because of lower advertising revenues at the magazines and newspapers, partially offset by higher advertising revenues at the specialty channels, including Évasion and Zeste, and at Quebecor Media Out of Home.

Adjusted EBITDA: \$35.3 million in the fourth quarter of 2019, a \$6.8 million (23.9%) favourable variance due primarily to:

impact of the net revenue increase;

decreases in some operating expenses, reflecting in part the impact of the budget cuts announced in the second quarter of 2019, and lower labour, editorial and selling costs in the newspaper publishing business.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment’s operations, expressed as a percentage of revenues, were 83.0% in the fourth quarter of 2019 compared with 85.6% in the same period of 2018. The reduction was mainly due to the contribution of business acquisitions and the decrease in operating expenses.

Sports and Entertainment

Revenues: \$54.7 million in the fourth quarter of 2019, a \$1.2 million (2.2%) increase due mainly to higher revenues from book distribution, partially offset by lower revenues in the Music business.

Adjusted EBITDA: \$2.6 million in the fourth quarter of 2019, a \$0.7 million (-21.2%) decrease due mainly to a decreased contribution to margin from book distribution, partially offset by lower operating expenses in the Music business.

Table of Contents

2018/2017 FINANCIAL YEAR COMPARISON

Analysis of consolidated results of Quebecor Media

Revenues: \$4.18 billion, a \$55.9 million (1.4%) increase.

Revenues increased in Telecommunications (\$94.2 million or 2.9% of segment revenues) and in Sports and Entertainment (\$0.8 million or 0.4%).

Revenues decreased in Media (\$41.3 million or -5.4%).

Adjusted EBITDA: \$1.78 billion, a \$115.6 million (6.9%) increase.

Adjusted EBITDA increased in Telecommunications (\$122.5 million or 7.7% of segment adjusted EBITDA).

There was a favourable variance at Head Office (\$8.0 million), mainly due to lower compensation costs.

There was an unfavourable variance in Media (\$13.8 million or -18.7%) and in Sports and Entertainment (\$1.1 million or -9.5%).

The change in the fair value of Quebecor Media stock options resulted in a \$0.5 million unfavourable variance in the stock-based compensation charge in 2018 compared with 2017. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a \$0.3 million favourable variance in the Corporation's stock-based compensation charge in 2018.

Net income attributable to shareholders: \$540.3 million in 2018, compared with \$765.3 million in 2017, a \$225.0 million decrease.

The main unfavourable variances were:

\$330.9 million gain on the sale of spectrum licences recognized in 2017, including \$165.5 million without any tax consequences;

\$26.5 million increase in the income tax expense;

\$14.4 million unfavourable variance in income from discontinued operations;

\$13.4 million increase in the depreciation and amortization charge;

\$11.6 million unfavourable variance in the charge for restructuring of operations, litigation and other items;

\$7.5 million unfavourable variance in non-controlling interest.

The main favourable variances were:

\$115.6 million increase in adjusted EBITDA;

\$43.8 million favourable variance in the charge for impairment of goodwill and intangible assets, including \$4.6 million without any tax consequences;

\$15.6 million favourable variance in the loss on debt refinancing;

Depreciation and amortization charge: \$753.3 million in 2018, a \$13.4 million increase due mainly to the impact of capital expenditures in the Telecommunications segment, including depreciation of investments in wired and wireless networks and computer systems.

Financial expenses: \$291.5 million, a \$2.8 million decrease caused mainly by interest revenues from Quebecor under loan agreements made in the second quarter of 2018, higher interest revenues generated by liquidity and a lower average interest rate on the debt, partially offset by higher average indebtedness as a result of debt financing of a portion of the repurchase of the Quebecor Media shares held by CDP Capital in the second quarter of 2018 and debt financing of loans to Quebecor.

Loss on valuation and translation of financial instruments: \$0.9 million in 2018 compared with \$2.4 million in the same period of 2017, a \$1.5 million favourable variance.

[Table of Contents](#)

Charge for restructuring of operations, litigation and other items: \$29.1 million in 2018, compared with \$17.5 million in 2017, an \$11.6 million unfavourable variance.

A \$14.2 million charge was recognized in 2018 in connection with cost-reduction initiatives in the Corporation's various segments and with disposal of assets. A \$17.5 million net charge related to cost-reduction initiatives, customer migration from analog to digital service in the Telecommunications segment, and developments in legal disputes was recognized in 2017.

A \$14.9 million charge for impairment of assets was also recognized in 2018 in connection with various restructuring initiatives, primarily in the Telecommunications segment.

Gain on sale of spectrum licences: \$330.9 million in 2017.

On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHZ wireless spectrum licences outside Québec to Shaw Communications Inc. for a cash consideration of \$430.0 million. A \$243.1 million gain was recognized on the sale of the licences, including \$121.6 million without any tax consequences.

On June 20, 2017, Videotron sold its Advanced Wireless Services ("AWS-1") spectrum licence in the Toronto metropolitan area to Rogers Communications Canada Inc. ("Rogers") for a cash consideration of \$184.2 million, pursuant to the transfer option held since 2013 by Videotron. An \$87.8 million gain was recognized on the sale of the licence, including \$43.9 million without any tax consequences.

Charge for impairment of goodwill and intangible assets: \$43.8 million in 2017.

In 2017, Quebecor Media performed impairment tests on its Magazines cash-generating unit ("CGU") in view of the downturn in the industry's revenues. Quebecor Media concluded that the recoverable amount of its Magazines CGU was less than its carrying amount. Accordingly, a \$30.0 million non-cash goodwill impairment charge, including \$1.5 million without any tax consequences, and a charge for impairment of intangible assets totalling \$12.4 million, including \$3.1 million without any tax consequences, were recorded in 2017. An additional \$1.4 million charge for impairment of intangible assets was also recognized in various segments of the Corporation in 2017.

Loss on debt refinancing: \$15.6 million in 2017.

On May 1, 2017, Videotron redeemed \$125.0 million aggregate principal amount of its outstanding 6.875% Senior Notes issued on July 5, 2011 and maturing on July 15, 2021 at a redemption price of 103.438% of their principal amount. A \$5.2 million loss was recorded in the consolidated statement of income in 2017 in connection with this redemption.

On May 1, 2017, Quebecor Media fully redeemed its outstanding 7.375% Senior Notes issued on January 5, 2011 and maturing on January 15, 2021, in the aggregate principal amount of \$325.0 million, at a redemption price of 102.458% of their principal amount. A \$10.4 million loss was recorded in the consolidated statement of income in 2017 in connection with this redemption.

Income tax expense: \$167.5 million in 2018 (effective tax rate of 23.7%), compared with \$141.0 million in 2017 (effective tax rate of 20.0%), a \$26.5 million unfavourable variance. The effective tax rates reflect recognition of benefits arising from prior year tax losses in 2018 and 2017. The increase in the effective rate and the income tax expense was mainly due to recognition of lower tax losses in 2018 than in 2017. The effective tax rate is calculated considering only taxable and deductible items.

Table of Contents

SEGMENTED ANALYSIS

Telecommunications

2018 operating results

Revenues: \$3.38 billion in 2018, a \$94.2 million (2.9%) increase.

Revenues from the mobile telephony service increased \$64.6 million (13.8%) to \$534.4 million, essentially due to an increase in the number of subscriber connections.

Revenues from Internet access service increased \$48.4 million (4.7%) to \$1.08 billion, mainly as a result of higher per-subscriber revenues, reflecting, among other things, the favourable impact of the product mix and increases in some rates, as well as customer growth, partially offset by a decrease in overage charges.

Combined revenues from all cable television services decreased \$12.9 million (-1.3%) to \$996.7 million, due primarily to the impact of a net decrease in the customer base, the unfavourable product mix and a decrease in video-on-demand and pay-per-view orders, partially offset by higher per-customer revenues due in part to increases in some rates, and by increased revenues from the leasing of digital set-top boxes.

Revenues from the cable telephony service decreased \$29.2 million (-7.3%) to \$368.6 million, mainly because of the impact of the net decrease in subscriber connections and lower long-distance revenues, partially offset by higher per-connection revenues.

Revenues from customer equipment sales increased \$14.5 million (6.6%) to \$233.5 million, mainly because of higher mobile device revenues.

Other revenues increased \$8.8 million (5.5%) to \$169.5 million, mainly reflecting revenue increases at Club illico and Videotron Business.

ABPU: \$49.51 in 2018 compared with \$48.23 in 2017, a \$1.28 (2.7%) increase. Mobile ABPU was \$53.62 in 2018 compared with \$53.23 in 2017, a \$0.39 (0.7%) increase.

Customer statistics

RGUs — The total number of RGUs was 5,990,300 at December 31, 2018, an increase of 109,200 (1.9%) in 2018 compared with an increase of 115,700 in 2017 (Table 4).

Mobile telephony service — The number of subscriber connections to the mobile telephony service stood at 1,153,800 at December 31, 2018, an increase of 129,800 (12.7%) in 2018 compared with an increase of 130,100 in 2017 (Table 4).

Cable Internet access — The number of subscribers to cable Internet access services stood at 1,704,500 at December 31, 2018, an increase of 38,000 (2.3%) in 2018 compared with an increase of 53,700 in 2017 (Table 4). As of December 31, 2018, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,907,900 homes and businesses passed by Videotron's network as of December 31, 2018, up from 2,873,700 one year earlier) of 58.6% compared with 58.0% a year earlier.

Cable television — The number of subscribers to cable television services decreased by 43,200 (-2.7%) in 2018, compared with a decrease of 50,400 in 2017 (Table 4). As of December 31, 2018, the service had 1,597,300 subscribers, a household and business penetration rate of 54.9% compared with 57.1% a year earlier.

Club illico — The number of subscribers to Club illico stood at 420,800 at December 31, 2018, an increase of 59,200 (16.4%) in 2018 compared with an increase of 46,900 in 2017 (Table 4).

Table of Contents

Adjusted EBITDA: \$1.72 billion, a \$122.5 million (7.7%) increase due primarily to:

impact of the net revenue increase;

favourable variance related to an adjustment recorded in 2018 arising from the CRTC decision on roaming fees issued during the first quarter of 2018;

decreases in some operating expenses, including engineering, administrative and IT costs.

Cost/revenue ratio: Employee costs and purchase of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 49.3% in 2018 compared with 51.5% in 2017, mainly because of the fixed component of costs, which does not fluctuate in proportion to revenue growth, the favourable adjustment related to roaming fees recorded in 2018, and decreases in some operating expenses.

Cash flows from segment operations: \$1.02 billion in 2018 compared with \$898.7 million in 2017 (Table 5).

The \$119.2 million increase was due to the \$122.5 million increase in adjusted EBITDA and a \$54.5 million decrease in additions to property, plant and equipment because of reduced investment in wired and wireless networks, partially offset by an \$57.9 million increase in additions to intangible assets, mainly reflecting spending on the IPTV project and IT systems.

Media

Revenues: \$728.6 million in 2018, a \$41.3 million (-5.4%) decrease.

Advertising revenues decreased by \$37.8 million (-9.7%), mainly because of lower advertising revenues at TVA Network, the newspapers and the magazines.

Subscription revenues decreased by \$5.2 million (-2.5%), mainly because of lower magazine subscription revenues.

Other revenues increased \$1.7 million (1.0%).

Adjusted EBITDA: \$60.0 million in 2018, a \$13.8 million (-18.7%) decrease mainly due to the impact of the revenue decrease, partially offset by the reduction in operating expenses resulting from, among other things, restructuring initiatives.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 91.8% in 2018 compared with 90.4% in 2017. The increase was due primarily to the large fixed component of operating costs, which does not fluctuate in proportion to the net decrease in revenues, partially offset by the impact of restructuring and cost-reduction initiatives.

Cash flows from segment operations: \$30.2 million in 2018 compared with \$41.8 million in 2017 (Table 6). The \$11.6 million unfavourable variance was due primarily to the \$13.8 million unfavourable variance in adjusted EBITDA, partially offset by a \$3.0 million favourable variance in proceeds from disposal of assets.

Sports and Entertainment

Revenues: \$182.1 million in 2018, a \$0.8 million (0.4%) increase due mainly to higher revenues from music and from sports and concerts, partially offset by lower revenues from book distribution and publishing.

Adjusted EBITDA: \$10.5 million in 2018, a \$1.1 million (-9.5%) unfavourable variance due mainly to higher operating expenses in music and in sports and concerts, partially offset by higher operating profits in book distribution and publishing.

Cash flows from segment operations: \$5.5 million in 2018, a \$0.5 million unfavourable variance (Table 7) due to the \$1.1 million decrease in adjusted EBITDA, partially offset by \$0.8 million decrease in additions to intangible assets.

Table of Contents

CASH FLOWS AND FINANCIAL POSITION

This section provides an analysis of the Corporation's sources and uses of cash flows, as well as a financial position analysis as of the balance sheet date. This section should be read in conjunction with the discussion of trends under "Trend Information" above, the risk factor analysis under "Item 3. Key Information — B. Risk Factors" above, and the financial risk analysis under "Financial Instruments and Financial Risk Management" below.

Operating activities

2019 financial year

Cash flows provided by continuing operating activities: \$1.25 billion in 2019 compared with \$1.46 billion in 2018.

The \$206.4 million decrease was mainly due to:

\$373.2 million unfavourable change in non-cash operating assets and liabilities, due primarily to an unfavourable variance in income tax payable and to a decrease in other operating liabilities, an increase in other operating assets, a decrease in accounts payable and accrued charges, and an increase in inventory in the Telecommunications segment.

Partially offset by:

\$87.8 million and \$14.8 million increases in adjusted EBITDA in the Telecommunications and Media segments respectively;

\$47.9 million decrease in current income taxes;

\$9.7 million decrease in the cash portion of financial expenses;

\$4.4 million decrease in the cash portion of the charge for restructuring of operations, litigation and other items.

The unfavourable variance in income tax payable and the decrease in other operating liabilities, the increase in other operating assets, the decrease in accounts payable and accrued charges and the increase in inventory in the Telecommunications segment had an unfavourable impact on cash flows provided by continuing operating activities in 2019 compared with 2018, while increased profitability in the Telecommunications and Media segments and a decrease in the cash interest expense had a favourable impact. The evolution of Videotron's business model, including the launch of Helix, is largely responsible for the additional investment in operating assets.

2018 financial year

Cash flows provided by continuing operating activities: \$1.46 billion in 2018 compared with \$1.23 billion in 2017.

The \$233.3 million increase was primarily due to:

\$269.4 million favourable change in non-cash operating assets and liabilities, due primarily to favourable variances in income tax receivable and payable, provisions, and accounts payable and accrued charges;

\$122.5 million increase in the Telecommunications segment's adjusted EBITDA.

Partially offset by:

\$146.1 million increase in current income taxes in 2018 compared with 2017, mainly because of the recognition of tax benefits in 2017;

\$13.8 million unfavourable variance in the Media segment's adjusted EBITDA.

The Telecommunications segment's increased profitability, the favourable variance in income tax receivable and payable, and favourable variances in provisions and in accounts payable and accrued charges in the Telecommunications segment had a favourable impact on cash flows provided by continuing operating activities in 2018 compared with 2017, while the decrease in the Media segment's profitability had an unfavourable impact.

Working capital: Negative \$128.5 million at December 31, 2019 compared with negative \$268.4 million at December 31, 2018. The \$139.9 million favourable variance was due primarily to the decreases in net income tax payable and in accounts payable and accrued charges, and increases in other current assets, contract assets and inventory, partially offset by the realization of net assets held for sale.

Table of Contents

Investing activities

2019 financial year

Additions to property, plant and equipment: \$501.3 million in 2019 compared with \$549.2 million in 2018. The \$47.9 million decrease was due primarily to decreased spending related to the leasing of digital set-top boxes in the Telecommunications segment.

Additions to intangible assets: \$496.9 million in 2019 compared with \$197.4 million in 2018. The \$299.5 million increase was due primarily to the acquisition of spectrum licenses for \$255.8 million and spending on the IPTV project.

Proceeds from disposal of assets: \$4.2 million in 2019 compared with \$9.4 million in 2018.

Business acquisitions: \$35.6 million in 2019 compared with \$10.3 million in 2018.

In 2019, business acquisitions consisted of the acquisition of the companies in the Serdy Média, the companies in the Serdy Video group, and the companies in the Incendo Media group in the Media segment.

In 2018, business acquisitions consisted mainly of the acquisition of LC Media, Audio Zone and the assets of Mobilimage by the Media segment.

Business disposals: \$260.7 million in 2019, consisting of the sale of the operations of the 4Degrees Colocation data centres.

Loans to the parent company: \$105.0 million in 2019, compared with \$596.1 million in 2018.

On September 13, 2019, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$150.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.00% and maturing in September 2022.

On September 28, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$175.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.75% and maturing in September 2021.

On July 23, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, an \$87.1 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.50% and maturing in July 2021.

On June 29, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$262.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.50% and maturing in June 2021.

On April 3, 2018, Quebecor entered into loan agreements with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$75.0 million non-revolving unsubordinated and unsecured loan and a \$75.0 million non-revolving subordinated and unsecured loan. The unsubordinated and subordinated loans bear interest at a rate of 5.25% and 5.50%, respectively, and mature in April 2021.

In 2019, Quebecor made total drawdowns of \$105.0 million on its loan agreements with Quebecor Media (\$596.1 million in 2018).

2018 financial year

Additions to property, plant and equipment: \$549.2 million in 2018 compared with \$598.6 million in 2017. The \$49.4 million decrease was due to lower spending on wired and wireless networks in the Telecommunications segment.

Additions to intangible assets: \$197.4 million in 2018 compared with \$141.9 million in 2017. The \$55.5 million increase was due primarily to spending on the IPTV project and IT systems in the Telecommunications segment.

Proceeds from disposal of assets: \$9.4 million in 2018, compared with \$620.7 million in 2017, a \$611.3 million decrease.

In 2017, Videotron sold its AWS-1 spectrum licence in the Metropolitan Toronto area to Rogers for a cash consideration of \$184.2 million, and its seven 2500 MHz and 700 MHz wireless spectrum licences outside Québec to Shaw for a cash consideration of \$430.0 million.

Table of Contents

Business acquisitions: \$10.3 million in 2018 compared with \$5.8 million in 2017.

In 2018, business acquisitions consisted mainly of the acquisition of LC Media, Audio Zone and the assets of Mobilimage by the Media segment.

In 2017, business acquisitions consisted mainly of payment of the \$5.6 million balance payable on the acquisition of Fibrenoire inc. by the Telecommunications segment.

Loans to the parent company: \$596.1 million in 2018.

Free cash flows from continuing operating activities

2019 financial year

Free cash flows from continuing operating activities: \$514.2 million in 2019 compared with \$721.6 million in 2018 (Table 8). The \$207.4 million decrease was mainly due to:

\$206.4 million decrease in cash flows provided by continuing operating activities;

\$43.7 million increase in additions to intangible assets.

Partially offset by:

\$47.9 million decrease in additions to property, plant and equipment.

2018 financial year

Free cash flows from continuing operating activities: \$721.6 million in 2018 compared with \$491.5 million in 2017 (Table 8). The \$230.1 million increase was primarily due to:

\$233.3 million increase in cash flows provided by continuing operating activities;

\$49.4 million decrease in additions to property, plant and equipment.

Partially offset by:

\$55.5 million increase in additions to intangible assets.

Table of Contents

Table 8

Cash flows provided by continuing operating activities reported in the consolidated financial statements and free cash flows from continuing operating activities
 (in millions of Canadian dollars)

	2019	2018	2017
Adjusted EBITDA (negative adjusted EBITDA):			
Telecommunications	\$ 1,803.4	\$ 1,715.6	\$ 1,593.1
Media	74.8	60.0	73.8
Sports and Entertainment	7.3	10.5	11.6
Head Office	<u>(2.6)</u>	<u>(4.7)</u>	<u>(12.7)</u>
	1,882.9	1,781.4	1,665.8
Cash interest expense¹	(275.0)	(284.7)	(287.4)
Cash portion related to restructuring of operations, litigation and other items ²	(9.8)	(14.2)	(17.5)
Current income taxes	(107.0)	(154.9)	(8.8)
Other	(1.3)	(4.6)	7.0
Net change in non-cash balances related to operating activities	<u>(237.4)</u>	<u>135.8</u>	<u>(133.6)</u>
Cash flows provided by continuing operating activities	1,252.4	1,458.8	1,225.5
Additions to property, plant and equipment and to intangible assets (excluding spectrum licence acquisitions and renewals), less proceeds from disposal of assets (excluding proceeds from disposal of licences):			
Telecommunications	(684.9)	(697.7)	(694.4)
Media	(46.6)	(29.8)	(32.0)
Sports and Entertainment	(4.7)	(5.0)	(5.6)
Head Office	<u>(2.0)</u>	<u>(4.7)</u>	<u>(2.0)</u>
	(738.2)	(737.2)	(734.0)
Free cash flows from continuing operating activities	\$ 514.2	\$ 721.6	\$ 491.5

¹ Interest on long-term debt, interest on lease liabilities, interest on net defined benefit liability, impact of foreign currency translation of short-term monetary items, interest from parent corporation and other financial (revenues) expenses (see Note 4 to the consolidated financial statements).

² Restructuring of operations, litigation and other items (see Note 5 to the consolidated financial statements).

Table of Contents

Financing activities

2019 financial year

Consolidated debt (long-term debt plus bank indebtedness): \$471.1 million reduction in 2019; \$209.3 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

Debt reductions in 2019 essentially consisted of:

\$649.1 million decrease in Videotron's drawings on its secured revolving credit facility;

prepayment by Quebecor Media on July 15, 2019 of the balance of its US\$350 million term loan "B" issued on August 1, 2013, bearing interest at the London Interbank Offered Rate ("LIBOR") plus 2.25%, and maturing on August 17, 2020;

\$198.2 million favourable impact of exchange rate fluctuations. The consolidated debt reduction attributable to this item was offset by the decrease in the asset (or increase in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments";

repayment of TVA Group's secured term loan in the amount of \$52.9 million.

Additions to debt in 2019 essentially consisted of:

issuance by Videotron on October 8, 2019 of \$800.0 million aggregate principal amount of 4.50% Senior Notes maturing on January 15, 2030, for net proceeds of \$790.7 million, net of financing fees of \$9.3 million;

\$53.9 million increase in total drawings on the secured revolving bank credit facilities of TVA Group and Quebecor Media;

\$5.7 million increase in the bank indebtedness of Quebecor Media.

Assets and liabilities related to derivative financial instruments totalled a net asset of \$677.7 million at December 31, 2019 compared with \$887.0 million at December 31, 2018. The \$209.3 million decrease was mainly due to:

unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments;

unwinding of Quebecor Media's hedges in an asset position in connection with prepayment of its term loan "B" on July 15, 2019.

Partially offset by:

favourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.

On February 21, 2020, TVA Group amended its secured revolving credit facility to extend its term from February 2020 to February 2021, to reduce the amount available for borrowing from \$150.0 million to \$75.0 million and to amend certain terms and conditions of the facility. On February 13, 2019, TVA Group amended this secured revolving credit facility to extend its term to February 2020 and to amend certain terms and conditions of the facility.

On February 15, 2019, Quebecor Media amended its \$300.0 million secured revolving credit facility, to extend the maturity date to July 2022 and to change certain terms and conditions of the facility.

2018 financial year

Consolidated debt (long-term debt plus bank indebtedness): \$1.09 billion increase in 2018; \$329.3 million net favourable variance in assets and liabilities related to derivative financial instruments.

Additions to debt in 2018 essentially consisted of:

\$738.5 million increase in Videotron's drawings on its revolving bank credit facility;

\$342.0 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by an increase in the asset (or decrease in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments";

\$24.3 million increase in the bank indebtedness of Videotron and Quebecor Media.

Table of Contents

Reductions in debt in 2018 mainly consisted of:

current payments totalling \$19.2 million on the term loan and other facilities of Videotron, TVA Group and Quebecor Media.

Assets and liabilities related to derivative financial instruments totalled a net asset of \$887.0 million at December 31, 2018 compared with \$557.7 million at December 31, 2017. The \$329.3 million net favourable variance was mainly due to:

favourable impact of exchange rate fluctuations on the value of derivative financial instruments.

Partially offset by:

unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.

On November 26, 2018, Videotron amended its secured revolving credit facility, increasing it from \$965.0 million to \$1.50 billion, extending its term to July 2023 and to amend certain terms and conditions of the facility.

On May 8, 2018, Quebecor and Quebecor Media entered into an agreement with CDP Capital to repurchase all of the share capital of Quebecor Media still held by CDP Capital, representing an 18.47% stake in Quebecor Media, for a value of \$1.69 billion. On May 11 and June 22, 2018, Quebecor Media repurchased for cancellation a total of 16,064,215 of its Common Shares held by CDP Capital, representing approximately 91.1% of the CDP Capital interest before closing, for a total aggregate purchase price of \$1.54 billion, paid in cash. All repurchased shares were cancelled. On June 22, 2018, Quebecor purchased 1,564,696 Common Shares of Quebecor Media held by CDP Capital, representing approximately 8.9% of the CDP Capital interest before closing, in consideration of the issuance of \$150.0 million aggregate principal amount of convertible debentures of Quebecor. After the completion of these transactions, Quebecor Media became a wholly owned subsidiary of Quebecor.

Financial position

Net available liquidity: \$1.68 billion at December 31, 2019 for Quebecor Media and its wholly owned subsidiaries, consisting of \$1.70 billion in available unused revolving credit facilities, less \$21.2 million in bank indebtedness.

Consolidated debt (long-term debt plus bank indebtedness): \$5.93 billion at December 31, 2019, a \$471.1 million decrease compared with December 31, 2018; \$209.3 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see “Financing activities” above).

Consolidated debt essentially consisted of Videotron’s \$4.25 billion debt (\$4.23 billion at December 31, 2018); TVA Group’s \$44.9 million debt (\$52.8 million at December 31, 2018); and Quebecor Media’s \$1.64 billion debt (\$2.12 billion at December 31, 2018).

As at December 31, 2019, minimum principal payments on long-term debt in the coming years are as follows :

Table 9
Minimum principal payments on Quebecor Media’s long-term debt
12-month periods ended December 31
(in millions of Canadian dollars)

2020	\$ 44.9
2021	—
2022	1,048.2
2023	1,701.0
2024	779.4
2025 and thereafter	2,354.4
Total	\$ 5,927.9

Table of Contents

From time to time, Quebecor Media may (but is under no obligation to) seek to retire or purchase its outstanding Senior Notes in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on its liquidity position and requirements, prevailing market conditions, contractual restrictions and other factors. The amounts involved may be material.

The weighted average term of Quebecor Media's consolidated debt was approximately 5.3 years as of December 31, 2019 (5.1 years as of December 31, 2018). As at December 31, 2019, after taking into account hedging instruments, the debt consisted of approximately 94.0% fixed-rate debt (76.2% as of December 31, 2018) and 6.0% floating-rate debt (23.8% as of December 31, 2018).

The Corporation's management believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions, share repurchases and dividends or distributions to shareholders in the future. The Corporation has access to cash flows generated by its subsidiaries through dividends (or distributions) and cash advances paid by its wholly owned subsidiaries. The Corporation believes it will be able to meet future debt maturities, which are staggered over the coming years.

Pursuant to its financing agreements, the Corporation is required to maintain certain financial ratios. The key indicators listed in those financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted EBITDA). At December 31, 2019, the Corporation was in compliance with all required financial ratios.

Distributions paid and dividends declared and paid

Total of \$100.0 million in dividends declared by the Board of Directors of Quebecor Media, which was paid to shareholders in 2019 (\$100.0 million in 2018).

600 MHz spectrum auction

On April 10, 2019, Videotron purchased 10 blocks of low-frequency spectrum in the 600 MHz band in ISED Canada's latest commercial mobile spectrum auction. The licences, covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario, were acquired for \$255.8 million.

Board of Directors

On March 11, 2020, the Board of Directors received the resignation of Manon Brouillette, a Director of Quebecor Media since 2019.

On March 11, 2020, Michèle Colpron was appointed a Director of Quebecor Media.

Table of Contents

Analysis of consolidated balance sheet at December 31, 2019

Table 10

Consolidated balance sheet of Quebecor Media

Analysis of main variances between December 31, 2019 and 2018

(in millions of Canadian dollars)

	Dec. 31, 2019	Dec. 31, 2018	Difference	Main reasons for difference
Assets				
Contract assets	\$ 168.3	\$ 144.4	\$ 23.9	Increased mobile device sales
Inventory	240.4	203.1	37.3	Impact of current variances in activity and Helix launch
Income taxes ¹	15.7	(114.4)	130.1	Current disbursements less current income taxes for the period
Other current assets	121.1	101.4	19.7	Impact of current variances in activity
Net assets held for resale ¹	—	88.4	(88.4)	Sale of 4Degrees Colocation
Property, plant and equipment	3,379.0	3,429.0	(50.0)	Depreciation for the period, less additions to property, plant and equipment on an accrual basis
Intangible assets	1,444.0	1,135.3	308.7	Acquisition of spectrum licences and investment in the IPTV project by Videotron, less amortization for the period
Goodwill	2,692.9	2,678.3	14.6	Acquisition of the companies in the Incendo Media group, the Serdy Média group and the Serdy Video group
Loans to parent corporation	701.1	596.1	105.0	See "Investing activities"
Derivative financial instruments ²	677.7	887.0	(209.3)	See "Financing activities"
Other long-term assets	240.4	201.5	38.9	Investments in affiliated corporations, acquisition of companies in the Incendo Media group and Helix launch
Liabilities				
Accounts payable and accrued charges	805.0	814.3	(9.3)	Impact of current variances in activity
Long-term debt, including current portion and bank indebtedness	5,928.2	6,399.3	(471.1)	See "Financing activities"
Deferred income tax ³	786.5	686.4	100.1	Deferred income tax expense on statement of income
Other long-term liabilities	332.2	242.2	90.0	Loss on remeasurement of pension plan obligations and assets; contingent consideration related to the sale of 4Degrees Colocation

¹ Current assets less current liabilities

² Long-term assets less long-term liabilities

³ Long-term liabilities less long-term assets.

Table of Contents

ADDITIONAL INFORMATION

Contractual Obligations

At December 31, 2019, material contractual obligations of operating activities included: capital repayment and interest payments on long-term debt and lease liabilities; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 11 below shows a summary of these contractual obligations.

Table 11**Contractual obligations of Quebecor Media as of December 31, 2019**
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt ¹	\$ 5,927.9	\$ 44.9	\$ 1,048.2	\$ 2,480.4	\$ 2,354.4
Interest payments on long-term debt ²	1,477.5	244.8	599.5	303.3	329.9
Lease liabilities	170.5	34.0	46.6	30.6	59.3
Interest payments on lease liabilities	55.0	8.7	13.0	9.0	24.3
Additions to property, plant and equipment and other commitments	1,672.3	462.8	480.8	306.5	422.2
Derivative financial instruments ³	(607.8)	1.6	(236.6)	(397.8)	25.0
Total contractual obligations	\$ 8,695.4	\$ 796.8	\$ 1,951.5	\$ 2,732.0	\$ 3,215.1

¹ The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest rate risk and financing fees.

² Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of December 31, 2019.

³ Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging on principal of debt denominated in U.S. dollars.

Significant commitments included in Table 11

Videotron has 20-year service sharing and exchange agreements with Rogers to build out and operate an LTE network in Québec and the Ottawa area. It also has an agreement with Comcast Corporation to develop an innovative IPTV solution, as well as agreements for the roll-out of LTE-A and 5G technologies and the purchase of mobile devices. As at December 31, 2019, the balance of those commitments stood at \$894.1 million.

The Quebecor Media Out of Home division has agreements with various Québec transit commissions for the installation and maintenance of bus shelters, and for advertising rights on bus shelters and buses. As at December 31, 2019, the balance of those commitments stood at \$113.8 million.

In the normal course of business, the Media segment, through TVA Group, contracts commitments regarding broadcast rights for television programs, sporting events and films, as well as distribution rights for audiovisual content. As at December 31, 2019, the balance of those commitments stood at \$518.3 million.

Pension plan contributions

The expected employer contributions to the Corporation's defined benefit pension plans and post-retirement benefit plans will be \$32.8 million in 2020, based on the most recent financial actuarial reports filed (contributions of \$33.2 million were paid in 2019).

Related Party Transactions

The following describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. The Corporation believes that each of the transactions described below was on terms no less favourable to Quebecor Media than could have been obtained from independent third parties.

Table of Contents

Operating transactions

During the year ended December 31, 2019, the Corporation made sales to affiliated companies in the amount of \$3.8 million (\$2.8 million in 2018 and 2017) and incurred expenses with affiliated companies in the amount of \$7.0 million (none in 2018 and 2017), which are included in “Purchase of goods and services”. The Corporation also recorded \$35.8 million in interest on loans (\$14.8 million in 2018 and none in 2017) and incurred \$2.4 million in interest on leases (\$2.5 million in 2018 and \$2.7 million in 2017) with the parent corporation. These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm’s length basis.

Management arrangements

The parent corporation has entered into management arrangements with the Corporation. Under these management arrangements, the parent corporation and the Corporation provide management services to each other on a cost-reimbursement basis. The expenses subject to reimbursement include the salaries of the Corporation’s executive officers, who also serve as executive officers of the parent corporation. In 2019, the Corporation received an amount of \$2.4 million, which is included as a reduction in employee costs (\$2.4 million in 2018 and \$2.2 million in 2017), and incurred management fees of \$2.2 million (\$2.5 million in 2018 and \$2.7 million in 2017) with shareholders. These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm’s length basis.

Tax transactions

In 2019, the parent corporation transferred \$59.0 million of non-capital losses (\$54.2 million in 2018 and none in 2017) to the Corporation in exchange for a cash consideration of \$14.9 million (\$13.9 million in 2018 and none in 2017). These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm’s length basis

Off-Balance Sheet Arrangements

Guarantees

In the normal course of business, the Corporation enters into numerous agreements containing guarantees, including the following:

Business and asset disposals

In the sale of all or part of a business or an asset, in addition to possible indemnification relating to failure to perform covenants and breach of representations or warranties, the Corporation may agree to indemnify against claims related to the past conduct of the business. Typically, the term and amount of such indemnification will be limited by the agreement. The nature of these indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay to guaranteed parties. The Corporation has not accrued any amount in respect of these items in the consolidated balance sheets.

Outsourcing companies and suppliers

In the normal course of business, the Corporation enters into contractual agreements with outsourcing companies and suppliers. In some cases, the Corporation agrees to provide indemnifications in the event of legal procedures initiated against them. In other cases, the Corporation provides indemnification to counterparties for damages resulting from the outsourcing companies and suppliers. The nature of the indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay. No amount has been accrued in the consolidated balance sheets with respect to these indemnifications.

Financial Instruments and Financial Risk Management

The Corporation’s financial risk-management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies are reviewed regularly to reflect changes in market conditions and in the Corporation’s activities.

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, and derivative financial instruments. As a result of its use of financial instruments, the Corporation is exposed to credit risk, liquidity risk and market risks relating to foreign exchange fluctuations and interest rate fluctuations.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments: (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency; and (ii) to achieve a targeted balance of fixed- and floating-rate debts.

Table of Contents

The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

Table 12
Description of derivative financial instruments
As of December 31, 2019
(in millions of dollars)

Foreign exchange forward contracts

Maturity	CAN dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Videotron			
Less than 1 year	1.3195	\$ 139.2 US\$	105.5

Cross-currency interest rate swaps

Hedged item	Period covered	Hedging instrument			CAN dollar exchange rate on interest and capital payments per one U.S. dollar
		Notional amount	Annual interest rate on notional amount in CAN dollars		
Quebecor Media					
5.750% Senior Notes due 2023	2016 to 2023	US\$ 431.3		7.27%	0.9792
5.750% Senior Notes due 2023	2012 to 2023	US\$ 418.7		6.85%	0.9759
Videotron					
5.000% Senior Notes due 2022	2014 to 2022	US\$ 543.1		6.01%	0.9983
5.000% Senior Notes due 2022	2012 to 2022	US\$ 256.9		5.81%	1.0016
5.375% Senior Notes due 2024			Bankers' acceptance 3 months		
	2014 to 2024	US\$ 158.6		+ 2.67%	1.1034
5.375% Senior Notes due 2024	2017 to 2024	US\$ 441.4		5.62%	1.1039
5.125% Senior Notes due 2027	2017 to 2027	US\$ 600.0		4.82%	1.3407

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

Table of Contents

Losses (gains) on valuation and translation of financial instruments for 2019, 2018 and 2017 are summarized in Table 13.

Table 13
Loss (gain) on valuation and translation of financial instruments
(in millions of Canadian dollars)

	2019	2018	2017
Loss (gain) on the ineffective portion of fair value hedges	\$ 0.6	\$ (0.8)	\$ 3.0
Loss on the ineffective portion of cash flow hedges	0.2	1.7	—
Gain on embedded derivatives related to long term debt	—	—	(0.6)
	\$ 0.8	\$ 0.9	\$ 2.4

A gain on cash flow hedges of \$73.8 million was recorded under “other comprehensive income” in 2019 (loss of \$10.1 million and gain of \$43.7 million respectively in 2018 and in 2017).

Fair value of financial instruments

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized in the consolidated balance sheets is estimated as per the Corporation’s valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates. An adjustment is also included to reflect non-performance risk impacted by the financial and economic environment prevailing at the date of the valuation in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market, to the net exposure of the counterparty or the Corporation.

The carrying value and fair value of long-term debt and derivative financial instruments as of December 31, 2019 and December 31, 2018 were as follows:

Table 14
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

Asset (liability)	December 31, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt¹	\$ (5,927.9)	\$ (6,317.7)	\$ (6,408.2)	\$ (6,391.5)
Derivative financial instruments²				
Foreign exchange forward contracts	(2.1)	(2.1)	6.7	6.7
Cross-currency interest rate swaps	679.8	679.8	880.3	880.3

¹ The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest risk and financing fees.

² The fair value of derivative financial instruments designated as cash flow hedges is an asset position of \$635.5 million as of December 31, 2019 (\$840.6 million in 2018) and the fair value of derivative financial instruments designated as fair value hedges is an asset position of \$42.2 million as of December 31, 2019 (\$46.4 million in 2018).

Due to the judgment used in applying a wide range of acceptable techniques and estimates in calculating fair value amounts, fair values are not necessarily comparable among financial institutions or other market participants and may not be realized in an actual sale or on the immediate settlement of the instrument.

Table of Contents

Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2019, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2019, the provision for expected credit losses represented 2.5% of the gross amount of accounts receivable and contract assets (2.7% as of December 31, 2018), while 7.2% of trade receivables were 90 days past their billing date (11.7% as of December 31, 2018).

The following table shows changes to the provision for expected credit losses for the years ended December 31, 2019 and 2018:

	2019	2018
Balance at beginning of year	\$ 20.5	\$ 21.1
Changes in expected credit losses charged to income	18.8	19.6
Write off	(19.7)	(20.2)
Balance at end of year	\$ 19.6	\$ 20.5

The Corporation believes that its product lines and the diversity of its customer base are instrumental in reducing its credit risk, as well as the impact of fluctuations in product-line demand. The Corporation does not believe that it is exposed to an unusual level of customer credit risk.

As a result of its use of derivative financial instruments, the Corporation is exposed to the risk of non-performance by a third party. When the Corporation enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with the Corporation's risk-management policy and are subject to concentration limits. These credit ratings and concentration limits are monitored on an ongoing basis, but at least quarterly.

Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due or the risk that those financial obligations will have to be met at excessive cost. The Corporation manages this exposure through staggered debt maturities. The weighted average term of the Corporation's consolidated debt was approximately 5.3 years as of December 31, 2019 (5.1 years as of December 31, 2018) (see also "Contractual Obligations" above).

Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates, interest rates and/or equity prices will affect the value of the Corporation's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

Most of the Corporation's consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways, mobile devices and certain capital expenditures, are received or denominated in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.-dollar-denominated debt obligations outstanding as of December 31, 2019, and to hedge its exposure on certain purchases of set-top boxes, gateways, mobile devices and capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a variance of \$0.10 in the year-end exchange rate of a CAN dollar per one U.S. dollar used to calculate the fair value of financial instruments as of December 31, 2019 is as follows:

Table of Contents

<u>Increase (decrease)</u>	Income	Other comprehensive income
Increase of \$0.10	\$ 1.2	\$ 38.8
Decrease of \$0.10	(1.2)	(38.8)

A variance of \$0.10 in the 2019 average exchange rate of CAN dollar per one U.S. dollar would have resulted in a variance of \$2.9 million on the value of unhedged purchases of goods and services and \$6.6 million on the value of unhedged acquisitions of tangible and intangible assets in 2019.

Interest rate risk

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate, and (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2019, after taking into account the hedging instruments, long-term debt was comprised of 94.0% fixed-rate debt (76.2% in 2018) and 6.0% floating-rate debt (23.8% in 2018).

The estimated sensitivity on interest payments, of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2019 was \$3.2 million.

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a 100 basis-point variance in the discount rate used to calculate the fair value of financial instruments as of December 31, 2019, as per the Corporation's valuation models, is as follows:

<u>Increase (decrease)</u>	Income	Other comprehensive income
Increase of 100 basis points	\$ (1.5)	\$ (18.0)
Decrease of 100 basis points	1.5	18.0

Capital management

The Corporation's primary objective in managing capital is to maintain an optimal capital base in order to support the capital requirements of its various businesses, including growth opportunities.

In managing its capital structure, the Corporation takes into account the asset characteristics of its subsidiaries and planned requirements for funds, leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of financing. Management of the capital structure involves the issuance and repayment of debt, the repurchase of shares, the use of cash flows generated by operations, and the level of distributions to shareholders. The Corporation has not significantly changed its strategy regarding the management of its capital structure since the last financial year.

The Corporation's capital structure is composed of equity, bank indebtedness, long-term debt, lease liabilities, derivative financial instruments, cash and cash equivalents and loans to the parent Corporation. The capital structure as of December 31, 2019 and 2018 is as follows:

Table of Contents

Table 15

Capital structure of Quebecor Media
(in millions of Canadian dollars)

	2019	2018
Bank indebtedness	\$ 28.8	\$ 24.3
Long-term debt	5,899.4	6,375.0
Lease liabilities	170.5	179.5
Derivative financial instruments	(677.7)	(887.0)
Cash and cash equivalents	(14.0)	(21.0)
Loans to parent Corporation	(701.1)	(596.1)
Net liabilities	4,705.9	5,074.7
Equity	\$ 2,027.8	\$ 1,406.4

The Corporation is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its borrowing agreements, which relate, among other things, to permitted investments, intercompany transactions, and the declaration and payment of dividends or other distributions.

Contingencies and legal disputes

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management of the Corporation is of the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position.

There are also a number of other legal proceedings against the Corporation that are pending. Generally, management of the Corporation establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to those provisions.

On August 15, 2019, the CRTC issued an order finalizing the rates, retroactively to March 31, 2016, by which the large cable and telephone companies provide aggregated wholesale access to their high-speed Internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation consolidated financial statements. The new proposed rates are substantially lower than interim rates and could represent a retroactive reduction in earnings of approximately \$22.0 million (before income taxes) in 2019 and approximately \$30.0 million (before income taxes) from March 31, 2016 to December 31, 2018. On September 13, 2019, a coalition of cable companies (including Videotron) and Bell Canada filed separate appeals of the CRTC's order with the Federal Court of Appeal arguing, among other things, that the order is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. The cable companies and Bell Canada also filed separate requests to stay the implementation of the order pending disposition of their appeals. On November 22, 2019, the leave to appeal was granted by the Federal Court of Appeal and the interim stay of the CRTC's order granted by this court on September 27, 2019, was extended until a final ruling by the Federal Court of Appeal is made. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

Critical Accounting Policies and Estimates

Revenue recognition

The Corporation accounts for a contract with a customer only when all of the following criteria are met:

the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

the entity can identify each party's rights regarding the goods or services to be transferred;

the entity can identify the payment terms for the goods or services to be transferred;

the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

Table of Contents

it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

The portion of revenues that is invoiced and unearned is presented as “Deferred revenues” in the consolidated balance sheets. Deferred revenues are usually recognized as revenues in the subsequent year.

Telecommunications

The Telecommunications segment provides services under multiple deliverable arrangements, mainly for mobile contracts in which the sale of mobile devices is bundled with telecommunication services over the contract term. The total consideration from a contract with multiple deliverables is allocated to all performance obligations in the contract based on the stand-alone selling price of each obligation. The total consideration is generally comprised of an upfront fee for the equipment sale and a monthly fee for the telecommunication service. Each performance obligation of multiple deliverable arrangements is then separately accounted for based on its allocated consideration amount.

The Corporation does not adjust the amount of consideration allocated to the equipment sale for the effects of a financing component since this component is not significant.

The Telecommunications segment recognizes each of its main activities’ revenues as follows:

operating revenues from subscriber services, such as cable television, Internet access, cable and mobile telephony, and OTT video services are recognized when services are provided;

revenues from equipment sales to subscribers are recognized when the equipment is delivered;

operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided; and

cable connection and mobile activation revenues are deferred and recognized respectively as revenues over the period of time the customer is expected to remain a customer of the Corporation and over the contract term.

When a mobile device and a service are bundled under a single mobile contract, the term of the contract is generally 24 months.

The portion of mobile revenues earned without being invoiced is presented as contract assets in the consolidated balance sheets. Contract assets are realized over the term of the contract.

Media

The Media segment recognizes each of its main activities’ revenues as follows:

advertising revenues are recognized when the advertising is aired on television, is featured in newspapers or magazines or is displayed on the digital properties or on transit shelters;

revenues from subscriptions to specialty television channels or to online publications are recognized on a monthly basis at the time service is provided or over the period of the subscription;

revenues from the sale or distribution of newspapers and magazines are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns;

soundstage and equipment leasing revenues are recognized over the rental period;

revenues derived from speciality film and television services are recognized when services are provided; and

revenues from the distribution of audiovisual content are recognized when the content has been delivered and accepted in accordance with the conditions of the licence or distribution agreement.

Sports and Entertainment

The Sports and Entertainment segment recognizes each of its main activities’ revenues as follows:

revenues from the sale or distribution of books and entertainment products are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns;

revenues from venue rental, ticket sales (including season tickets) and food and beverage sales are recognized when the events take place and/or goods are sold, as the case may be;

revenues from the rental of suites are recognized ratably over the period of the agreement;

Table of Contents

revenues from the sale of advertising in the form of venue signage or sponsorships, are recognized ratably over the period of the agreement; and

revenues derived from sporting and cultural event management are recognized when services are provided.

Impairment of assets

For the purposes of assessing impairment, assets are grouped in CGUs, which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Corporation reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

The Corporation uses the discounted cash flow method to estimate the recoverable amount consisting of future cash flows derived primarily from the most recent budget and three-year strategic plan approved by the Corporation's management and presented to the Board of Directors. These forecasts consider each CGU's past operating performance and market share as well as economic trends, along with specific and market industry trends and corporate strategies. A perpetual growth rate is used for cash flows beyond this three-year period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of: (i) the time value of money; and (ii) the risk specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate has been determined with regard to the specific markets in which the CGUs participate.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the consolidated statement of income to the extent that the resulting carrying value does not exceed the carrying value that would have been the result had no impairment loss been recognized previously.

When determining the recoverable amount of an asset or CGU, assessment of the information available at the valuation date is based on management's judgment and may involve estimates and assumptions. Furthermore, the discounted cash flow method used in determining the recoverable amount of an asset or CGU relies on the use of estimates such as the amount and timing of cash flows, expected variations in the amount or timing of those cash flows, the time value of money as represented by the risk-free rate, and the risk premium associated with the asset or CGU. Therefore, the judgment used in determining the recoverable amount of an asset or CGU may affect the amount of the impairment loss to be recorded to an asset or CGU, as well as the potential reversal of the impairment charge in the future.

Based on the data and assumptions used in its last impairment test, the Corporation believes that there is no significant amount of long-lived assets with finite useful lives, or goodwill and intangible assets with indefinite useful lives on its books at this time that present a significant risk of impairment in the near future.

The net book value of goodwill as at December 31, 2019 was \$2.69 billion, and the net book value of intangible assets with indefinite useful lives as at December 31, 2019 was \$741.1 million.

Indefinite useful life of spectrum licences

Management has concluded that spectrum licences have an indefinite useful life. This conclusion was based on an analysis of factors, such as the Corporation's financial ability to renew the spectrum licences, the competitive, legal and regulatory landscape, and future expectations regarding the use of the spectrum licences. The determination that spectrum licences have an indefinite useful life therefore involves judgment, which could have an impact on the amortization charge recorded in the consolidated statements of income if management were to change its conclusion in the future.

Table of Contents

Derivative financial instruments and hedge accounting

The Corporation uses various derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Corporation does not hold or use any derivative financial instruments for speculative purposes. Under hedge accounting, the Corporation documents all hedging relationships between hedging instruments and hedged items, as well as its strategy for using hedges and its risk-management objective. It also designates its derivative financial instruments as either fair value hedges or cash flow hedges when they qualify for hedge accounting. The Corporation assesses the effectiveness of its hedging relationships at initiation and on an ongoing basis.

The Corporation generally enters into the following types of derivative financial instruments.

The Corporation uses foreign exchange forward contracts to hedge foreign currency rate exposure on anticipated equipment or inventory purchases in a foreign currency. These foreign exchange forward contracts are designated as cash flow hedges.

The Corporation uses cross-currency interest rate swaps to hedge: (i) foreign currency rate exposure on interest and principal payments on foreign currency denominated debt; and/or (ii) fair value exposure on certain debt resulting from changes in interest rates. The cross-currency interest rate swaps that set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting an interest rate from a floating rate to a floating rate or from a fixed rate to a fixed rate, are designated as cash flow hedges. The cross-currency interest rate swaps are designated as fair value hedges when they set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting the interest rate from a fixed rate to a floating rate.

The Corporation uses interest rate swaps to manage fair value exposure on certain debts resulting from changes in interest rates. These swap agreements require a periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. These interest rate swaps are designated as fair value hedges when they convert the interest rate from a fixed rate to a floating rate, or as cash flow hedges when they convert the interest rate from a floating rate to a fixed rate.

The Corporation has established a hedge ratio of one for one for all its hedging relationships as underlying risks of its hedging derivatives are identical to the hedged item risks.

The Corporation measures and records the effectiveness of its hedging relationships as follows.

For cash flow hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of a hypothetical derivative that simulates the hedged items' cash flows.

For fair value hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of the hedged item attributable to the hedged risk.

Most of the Corporation's hedging relationships are not generating material ineffectiveness. The ineffectiveness, if any, is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Under hedge accounting, the Corporation applies the following accounting policies.

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging derivative recorded in income are substantially offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When a fair value hedge is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to income over the remaining term of the original hedging relationship.

For derivative financial instruments designated as cash flow hedges, the effective portion of a hedge is reported in "other comprehensive income" until it is recognized in income during the same period in which the hedged item affects income, while the ineffective portion is immediately recognized in income. When a cash flow hedge is discontinued, the amounts previously recognized in accumulated "other comprehensive income" are reclassified to income when the variability in the cash flows of the hedged item affects income.

Any change in the fair value of derivative financial instruments recorded in income is included in gain or loss on valuation and translation of financial instruments. Interest expense on hedged long-term debt is reported at the hedged interest and foreign currency rates.

Derivative financial instruments that do not qualify for hedge accounting, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts, are reported on a fair value basis in the consolidated

Table of Contents

balance sheets. Any change in the fair value of these derivative financial instruments is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Pension plans and postretirement benefits

The Corporation offers defined contribution pension plans and defined benefit pension plans to some of its employees.

Quebecor Media's defined benefit obligations with respect to defined benefit pension plans and postretirement benefits are measured at present value and assessed on the basis of a number of economic and demographic assumptions, which are established with the assistance of Quebecor Media's actuaries. Key assumptions relate to the discount rate, the rate of increase in compensation, retirement age of employees, healthcare costs, and other actuarial factors. Defined benefit pension plan assets are measured at fair value and consist mainly of equities and corporate and government fixed-income securities.

Re-measurements of the net defined benefit liability or asset are recognized immediately in "other comprehensive income."

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent that the Corporation can unilaterally reduce those future contributions. In addition, an adjustment to the net benefit asset or the net benefit liability can be recorded to reflect a minimum funding liability in a certain number of the Corporation's pension plans. The assessment of the amount recoverable in the future and the minimum funding liability, is based on a number of assumptions, including future service costs and future plan contributions.

The Corporation considers all the assumptions used to be reasonable in view of the information available at this time. However, variances from certain of those assumptions may have a significant impact on the costs and obligations of pension plans and postretirement benefits in future periods.

Stock-based compensation

Stock-based awards to employees that call for settlement in cash, as deferred share units ("DSUs") or performance share units ("PSUs"), or that call for settlement in cash at the option of the employee, as stock option awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation cost.

The fair value of DSUs and PSUs is based on the underlying share price at the date of valuation. The fair value of stock option awards is determined by applying an option pricing model, taking into account the terms and conditions of the grant and assumptions such as the risk-free interest rate, distribution yield, expected volatility, and the expected remaining life of the option.

Provisions

Provisions are recognized when: (i) the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and when (ii) the amount of the obligation can be reliably estimated. Restructuring costs, comprised primarily of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected, that the plan will be carried out.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statements of income in the reporting period in which the changes occur.

The amount recognized as a provision is the best estimate of the expenditures required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time and it is adjusted for the effect of time value when material. The amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any indemnity or penalty arising from failure to fulfill those obligations.

No amounts are recognized for obligations that are possible but not probable or for those for which an amount cannot be reasonably estimated.

Contract costs

Incremental and direct costs, such as costs to obtain a contract, mainly sales commissions, or the cost of connecting a subscriber to the Corporation's telecommunication network are included in contract costs and amortized over the period of time the customer is expected to maintain its service or over the contract term. The amortization of contract costs is included in purchase of goods and services in the consolidated statements of income.

Table of Contents

Provision for expected credit losses

The Corporation maintains a provision to cover anticipated credit losses from customers who are unable to pay their debts. The provision is reviewed periodically, considering the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions.

Business acquisition

A business acquisition is accounted for by the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can be comprised of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the business acquired are recognized at their fair value at the acquisition date. Goodwill initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed.

Determining the fair value of certain acquired assets, assumed liabilities and future contingent considerations requires judgment and involves complete and absolute reliance on estimates and assumptions. The Corporation primarily uses the discounted future cash flows approach to estimate the value of acquired intangible assets.

The estimates and assumptions used in the allocation of the purchase price at the date of acquisition may also have an impact on the amount of an impairment charge to be recognized, if any, after the date of acquisition, as discussed above under “Impairment of assets.”

Contingent considerations and future conditional adjustments

Contingent considerations and future conditional adjustments arising from business acquisition or disposal are measured and accounted for at their fair value. The fair value is estimated based on a present value model requiring management to assess the probabilities that the conditions on which the contingent considerations or the future conditional adjustments are based will be met in the future. The assessment of these contingent and conditional potential outcomes requires judgment from management and could have an impact on the initial amount of contingent considerations or future conditional adjustments recognized and on any subsequent changes in fair value recorded in the consolidated statements of income.

Interpretation of laws and regulations

Interpretation of laws and regulation, including those of the CRTC and tax regulations, requires judgment from management and could have an impact on revenue recognition, provisions and income taxes in the consolidated financial statements.

Income taxes

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be reduced subsequently, if necessary, to an amount that is more likely than not to be realized.

The assessment of deferred income taxes is judgmental in nature and is dependent on assumptions and estimates as to the availability and character of future taxable income. The ultimate amount of deferred income tax assets realized could be slightly different from that recorded, since it is influenced by the Corporation’s future operating results.

The Corporation is under audit at all times by various tax authorities in each of the jurisdictions in which it operates. A number of years may elapse before a particular matter for which management has established a reserve is audited and resolved. The number of years between each tax audit varies depending on the tax jurisdiction. Management believes that its estimates are reasonable and reflect the probable outcome of known tax contingencies, although the outcome is difficult to predict.

Leases

The Corporation recognizes, for most of its leases, a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the term lease, less incentive payment received, using the Corporation’s incremental borrowing rate at that date or interest rate implicit in the lease. The

Table of Contents

term of the lease is comprised of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interests on lease liabilities are recorded in the consolidated statements of income as financial expenses and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

[Table of Contents](#)

Changes in accounting policies

(i) IFRS 16 — *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related lease liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation's segments are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under the previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income.

Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

Table of Contents

The retrospective adoption of IFRS 16 had the following impacts on the 2018 and 2017 consolidated financial figures:

Consolidated statements of income and comprehensive income

Increase (decrease)	2018	2017
Purchase of goods and services	\$ (49.0)	\$ (46.6)
Depreciation and amortization	35.4	34.6
Financial expenses	11.0	12.5
Restructuring of operations, litigation and other items	(0.7)	0.3
Deferred income tax expense	0.9	(0.2)
Net income and comprehensive income	<u>\$ 2.4</u>	<u>\$ (0.6)</u>
Net income and comprehensive income attributable to:		
Shareholders	\$ 2.2	\$ (0.5)
Non-controlling interests	0.2	(0.1)

Consolidated balance sheets

Increase (decrease)	December 31, 2018	December 31, 2017
Other current assets	\$ (2.2)	\$ (2.2)
Property, plant and equipment	15.5	15.5
Right-of-use assets	135.6	159.0
Provisions	(1.5)	(1.4)
Lease liabilities ^{1, 2}	179.5	205.2
Other liabilities	(4.3)	(3.4)
Deferred income tax liability	(6.5)	(7.4)
Deficit	18.1	20.3
Non-controlling interests	(0.2)	(0.4)

1 The current portion of lease liabilities is \$38.5 million as of December 31, 2018 and 42.0 million as of December 31, 2017.

2 Includes a lease liability with the parent corporation of \$35.0 million as of December 31, 2018 and \$37.3 million as of December 31, 2017.

(ii) IFRIC 23 - *Uncertainty over Income Tax Treatments*

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments.

The adoption of IFRIC 23 had no impact on the consolidated financial statements.

Cautionary Statement regarding Forward-Looking Statements

This annual report contains forward-looking statements with respect to the Corporation's financial condition, results of operations, business, and certain of its plans and objectives. These forward-looking statements are made pursuant to the "Safe Harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which the Corporation operates, as well as beliefs and assumptions made by its management. Such statements include, in particular, statements about the Corporation's plans, prospects, financial position and business strategies. Words such as "may," "will," "expect," "continue," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "seek," or the negatives of those terms or variations of them or similar terminology, are intended to identify such forward-looking statements. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: the Corporation's anticipated business strategies;

Table of Contents

anticipated trends in its business; anticipated reorganizations of any of its segments or businesses, and any related restructuring provisions or impairment charges; and its ability to continue to control costs. The Corporation can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor Media's ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor Media's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor Media operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing Quebecor Media's network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor Media's business;
- Quebecor Media's ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- disruptions to the network through which Quebecor Media provides its digital cable television, Internet access, mobile and cable telephony, and Club illico services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics and political instability in some countries;
- changes in Quebecor Media's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor Media's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect a portion of Quebecor Media's interest payment requirements on long-term debt.

The Corporation cautions investors and others that the above list of cautionary statements is not exhaustive. These and other-factors are discussed in further detail in the Annual Report on Form 20-F under "Item 3. Key Information — B. Risk Factors". Each of these forward-looking statements speaks only as of the date of this report. The Corporation disclaims any obligation to update these statements unless applicable securities laws require it to do so. The Corporation advises investors and others to consult any documents it may file with or furnish to the U.S. Securities and Exchange Commission, as described under "Item 10. Additional Information — Documents on Display" in the Annual Report on Form 20-F.

Table of Contents

ITEM 6 — DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A - Directors and Senior Management

The following table sets forth certain information concerning our directors and executive officers at March 18, 2020:

Name and Municipality of Residence	Age	Position
THE RIGHT HONOURABLE BRIAN MULRONEY, P.C., C.C., LL.D Montréal, Québec	81	Director and Chairman of the Board
SYLVIE LALANDE ⁽³⁾ Lachute, Québec	69	Director, Vice Chair and Lead Director
CHANTAL BÉLANGER, FCPA-FCGA, ASC ⁽¹⁾ Blainville, Québec	67	Director
ANDRÉ P. BROSSEAU ⁽¹⁾⁽²⁾⁽³⁾ Montréal, Québec	58	Director
MICHÈLE COLPRON Saint-Lambert, Québec	56	Director
LISE CROTEAU ⁽³⁾ Montréal, Québec	59	Director
ROBERT PARÉ ⁽²⁾ Westmount, Québec	65	Director
ÉRIK PÉLADEAU Lorraine, Québec	65	Director
NORMAND PROVOST ⁽¹⁾⁽²⁾ Brossard, Québec	65	Director and Chair of the Audit Committee
PIERRE KARL PÉLADEAU Outremont, Québec	58	President and Chief Executive Officer
JEAN-FRANÇOIS PRUNEAU Montréal, Québec	49	President and Chief Executive Officer, Videotron Ltd.
FRANCE LAUZIÈRE Town of Mount-Royal, Québec	53	President and Chief Executive Officer, TVA Group Inc. and Chief of Content, Quebecor Content

Table of Contents

Name and Municipality of Residence	Age	Position
MARC M. TREMBLAY Westmount, Québec	59	Chief Operating Officer and Chief Legal Officer
HUGUES SIMARD Montréal, Québec	53	Chief Financial Officer
CHRISTIAN JETTÉ Repentigny, Québec	59	President, Publishing, Book Group, Quebecor and CEO, CEC Publishing Inc.
PATRICK JUTRAS Sainte-Julie, Québec	51	Senior Vice President and Chief Advertising Officer
JEAN-FRANÇOIS PARENT Nuns' Island, Québec	40	Vice President and Treasurer
LYNE ROBITAILLE Laval, Québec	57	Senior Vice President, Newspapers, Magazines, Distribution and Printing and President and Publisher, Journal de Montréal
DENIS SABOURIN Outremont, Québec	59	Vice President and Corporate Controller
MARTIN TREMBLAY Québec, Québec	44	Chief Operating Officer, Quebecor Sports & Entertainment Group
MATHIEU TURBIDE Longueuil, Québec	49	Vice President, Digital Content, Quebecor and Vice President, NumériQ

(1) Member of the Audit Committee

(2) Member of the Executive Committee

(3) Member of the Human Resources and Corporate Governance Committee

The Right Honourable Brian Mulroney, P.C., C.C., LL.D, Director and Chairman of the Board. Mr. Mulroney has been a Director of Quebecor Media since January 31, 2001 and director of Quebecor since 1999. He has been Chairman of the Board of Quebecor and Videotron since June 19, 2014, and of Quebecor Media since May 8, 2018. He also acted as Chairman of the Board of Quebecor Media from June 2014 to February 2017. Since 1993, Mr. Mulroney has been a Senior Partner with the law firm Norton Rose Fulbright Canada LLP (formerly Ogilvy Renault LLP) in Montréal, Québec. Prior to that, Mr. Mulroney was the Prime Minister of Canada from 1984 until 1993. Mr. Mulroney practiced law in Montréal and served as President of The Iron Ore Company of Canada before entering politics in 1983. Until May 2019, Mr. Mulroney was a Director of Wyndham Worldwide Corporation. Mr. Mulroney serves as a Director of Acreage Holdings, Inc., and The Blackstone Group LP. He is also Chairman of the International Advisory Board of Barrick Gold Corporation. He is Companion of the Order of Canada as well as *Grand Officier de l'Ordre national du Québec*.

Sylvie Lalande, Director, Vice Chair and Lead Director and Chair of the Human Resources and Corporate Governance Committee. Ms. Lalande has been a Director of Videotron since July 2014 and of Quebecor Media since May 2013. She has served as a Director of Quebecor since May 2011. She was appointed as Lead Director of Quebecor and Quebecor Media on November 8, 2017 and as Vice Chair on May 8, 2018. She was appointed as Chair of the Human Resources and Corporate Governance Committee of Quebecor and Quebecor Media on May 12, 2016. She has been a Director of TVA Group since December 2001, and was appointed as Chair of the Board on March 10, 2014. She has also

Table of Contents

served as Chair of the Human Resources and Corporate Governance Committee of TVA Group since May 2013. Ms. Lalande held several senior positions in the media, marketing, communication marketing and company communications sectors. Until October 2001, she was Chief Communications Officer of Bell Canada. From 1994 to 1997, she was President and Chief Executive Officer of UBI Consortium, a consortium formed to develop and manage interactive and transactional communication services. From 1987 to 1994, she occupied several senior positions within TVA Group and Le Groupe Vidéotron ltée. Ms. Lalande began her career in the radio industry, after which she founded her own consultation firm. In 2006, Ms. Lalande earned a degree in corporate governance from the Collège des administrateurs de sociétés. Ms. Lalande was, until September 2016, a Director and Chair of the Corporate Governance and Human Resources Committee and Lead Director of Ovivo Inc. From November 2013 to September 2017, Ms. Lalande was Chair of the Board of the Collège des administrateurs de sociétés of *Université Laval*. She was Chair of the Board of Capital régional et coopératif Desjardins from April 2017 to December 2019.

Chantal Bélanger, Director and member of the Audit Committee. Ms. Bélanger has been a Director and member of the Audit Committee of Quebecor, Quebecor Media and Videotron since May 8, 2018. At the Laurentian Bank, where she held various positions from 1986 to 2006, she was Senior Vice President of Personal Banking Services for Québec, where she previously held the positions of Ombudsman and Director of Internal Audits and Information Systems. From 2012 to December 2019, she was a director at Capital régional et coopératif Desjardins and the Vice President of its Board, Chair of the Internal Audit Committee and the Portfolio Valuation Committee and a member of the Governance and Human Resources Committee at Capital régional et coopératif Desjardins. She has been a director of the Société de services financiers Fonds FMOQ Inc. since 2014 and Chair of the Audit Committee. She was a director and member of various board committees at Ovivo Inc. from 2011 to 2016, the year it was privatized. She was a director and Chair of the Audit Committee at the Régie des Rentes du Québec from 2009 to 2015 and a director at the Institut des administrateurs de sociétés from 2009 to 2013. She was a director, Chair of the Audit Committee and a member of several committees for the Société des Alcools du Québec from 2002 to 2010. Ms. Bélanger is a fellow of the Québec CPA Order and holds a certificate in Corporate Governance from the Collège des administrateurs de sociétés at Université Laval. Ms. Bélanger has been the Chair of the Board of the CAS since 2017 and has served on its board since 2016. Ms. Bélanger currently serves as a director, Chair of the Audit Committee and member of the Human Resources and Compensation Committee and of the Corporate Governance Committee of Lassonde Industries Inc.

André P. Brosseau, Director, member of the Audit Committee and of the Human Resources and Corporate Governance Committee, and Chair of the Executive Committee. Mr. Brosseau has been a Director and member of the Audit Committee of Quebecor, Quebecor Media and Videotron since May 12, 2016. He has also been a member of the Human Resources and Corporate Governance Committee of Quebecor and Quebecor Media since May 2017. Mr. Brosseau is Chairman of the Board and Chief Executive Officer of Du Musée Investments Inc. (formerly Avenue Capital Markets BNB Inc.), a Family Office with private investments in Canada, the United States and Brazil that he founded in 2010. He currently serves as a director, Chairman of the Audit Committee and member of the Compensation Committee of DMD Digital Health Connections Group Inc. He is also a member of the Advisory Committee for the OSMO Foundation and The Notman House. Mr. Brosseau was President for Blackmont Capital Markets in Toronto until June 2009 and then served as Chairman of Québec Capital Markets until May 2010. From 1994 to 2007, he held various executive positions with CIBC.

Michèle Colpron, Director. Ms. Colpron has been a Corporate Director of Quebecor and Quebecor Media since March 11, 2020. From 2000 to 2012, Ms. Colpron held various positions at the Caisse de dépôt et placement du Québec, including those of Senior Vice President of Financial Management, Vice President of Investment Administration, and Vice President of Finance and Administration — Private Equity. She has also held senior positions in overseas banks, serving as Chief Financial Officer of Merrill Lynch Bank (Suisse) S.A. and Finance and Human Resources Manager of Standard Chartered Bank (Switzerland) S.A. Ms. Colpron has been a member of the Boards of Directors of Fonds de solidarité FTQ since 2012, the Canada Infrastructure Bank since 2017, and the Investment Industry Regulatory Organisation of Canada since 2017. Ms. Colpron is a Fellow of the Québec CPA Order and is also a qualified corporate director duly accredited by Université Laval.

Lise Croteau, Director and member of the Human Resources and Corporate Governance Committee. Ms. Croteau has been a Director and member of the Human Resources and Corporate Governance Committee of Quebecor and Quebecor Media since June 16, 2019. From 2015 to March 31, 2018, Ms. Croteau was Executive Vice President and Chief Financial Officer of Hydro-Québec. She joined Hydro-Québec in 1986, successively holding management positions, including serving as Acting President and Chief Executive Officer from May to July 2015. Ms. Croteau

Table of Contents

currently serves as a director, is the president of the Audit Committee and a member of the Investment Committee of Boralex Inc. Since May 2019, she has also served as a director and as a member of the Audit Committee of Total. S.A. Ms. Croteau has been a chartered professional accountant since 1984 and was named a Fellow of the *Ordre des comptables agréés du Québec* in 2008.

Robert Paré, Director and member of the Executive Committee. Mr. Paré has been a Director of Quebecor and Quebecor Media since June 19, 2014. Since February 2018, he has been a Strategic Advisor for the firm Fasken Martineau DuMoulin LLP where he held the position of Senior Partner specializing in governance and corporate and commercial law from February 1987 to January 2018. Mr. Paré has served on the Board of National Bank of Canada and its Conduct Review and Governance Committee since April 2018. He was a member of the Board and of the Compensation, Nominating and Corporate Governance Committee of ADF Group Inc. from 2009 to 2019 and of the Board and of the Nominating and Governance Committee and of the Human Resources and Compensation Committee of RONA Inc. from 2009 to 2016. Mr. Paré is currently a member of the Boards of the Institute of Corporate Directors of Canada and the Institute for Research in Immunology and Cancer (IRIC). Mr. Paré has a Bachelor's degree in Law from Université Laval. He is a member of the Québec Bar.

Érik Péladeau, Director. Mr. Péladeau has been a Director of Quebecor Media since July 2015. He also served as a Director from January 2001 to September 2009. Mr. Péladeau has also been a Director of Quebecor since July 2015. He also served as a Director of Quebecor from 1988 to 2010 and as Vice Chairman of the Board for much of that period. Mr. Péladeau has been associated with different companies throughout the Quebecor group where he worked for more than 28 years. He also spearheaded the diversification of Quebecor's digital content offerings with the creation of Quebecor Multimedia. Until June 2018, Mr. Péladeau was President of Groupe Lelys Inc., a company he acquired in 1984 which specializes in flexographic label printing. Mr. Péladeau is currently President of the holding company, Cie de Publication Alpha inc. Mr. Péladeau is active in many charitable organizations. Érik Péladeau is the brother of Pierre Karl Péladeau.

Normand Provost, Director, Chair of the Audit Committee and member of the Executive Committee. Mr. Provost has been a Director of Quebecor Media since July 2004 and a Director of Quebecor since May 2013. He has also been a member of the Audit Committee of Quebecor, Quebecor Media and Videotron since June 2014 and as Chairman since May 2018. From May 2014 to December 2015, Mr. Provost was Assistant to the President of CDPQ, one of the largest institutional fund managers in Canada and North America. Mr. Provost joined CDPQ in 1980 and held various management positions during his time there. He served as President of CDP Capital Americas from 1995 to 2003. He served as Executive Vice President, Private Equity, of CDPQ from October 2003 until May 2014. In addition to his responsibilities in the investment sector, Mr. Provost served as Chief Operations Officer of CDPQ from April 2009 to March 2012. From January 2018 to December 2019, he served as director of *Investissement Québec*, and was the Chair of its Risk Management Committee. In addition, he sits on the Supervisory Board and on the Compensation and Human Resources Committee of Groupe Kéolis S.A.S. Since March 2015, Mr. Provost also sits on the Board of Directors and Chair the Investment Committee of Desjardins Financial Security. Since January 2019, Mr. Provost also serves as Chairman of the Board of Groupe Germain.

Pierre Karl Péladeau, President and Chief Executive Officer. Mr. Péladeau was appointed President and Chief Executive Officer of Quebecor and Quebecor Media on February 15, 2017. Prior to that, Mr. Péladeau entered politics in 2014. He ran as the Parti Québécois candidate in Saint-Jérôme riding and was elected to Québec's National Assembly in April 2014. He became the party's leader on May 15, 2015 and served as Leader of the Official Opposition in the National Assembly until May 2, 2016. Mr. Péladeau joined Quebecor's communications division in 1985 as Assistant to the President. Since then, he has occupied various positions within the Quebecor group of companies. Namely, Mr. Péladeau was a Director of Quebecor Media from August 2000 to March 2014 and of Quebecor from April 1992 until March 2014. In May 2013, he was appointed Chairman of the Board of Directors of Quebecor Media, Videotron, TVA Group and Sun Media Corporation and was also appointed Vice Chairman of the Board of Directors of Quebecor. Mr. Péladeau was President and Chief Executive Officer of Quebecor Media and of Quebecor from April 2009 until May 2013. Mr. Péladeau has chaired numerous other boards of directors, namely *La Fondation de l'entrepreneurship* (2011-2014) and Hydro-Québec (2013-2014). Mr. Péladeau is active in many charitable and cultural organizations. Pierre Karl Péladeau is the brother of Érik Péladeau.

Jean-François Pruneau, President and Chief Executive Officer, Videotron Ltd. In January 2019, Mr. Pruneau was appointed President and Chief Executive Officer of Videotron. From 2010 to 2018, he was Senior Vice President and Chief Financial Officer of Quebecor and Quebecor Media. He joined Quebecor Media in May 2001 and served, in turn as

Table of Contents

Director of Corporate Financing, Assistant Treasurer, Treasurer, and Vice President, Finance of Quebecor, Quebecor Media, Videotron and Sun Media Corporation. He was Associate Director of BCE Media Inc. from 1999 to 2001 and served as Corporate Finance Officer at Canadian National Railway from 1997 to 1999. Mr. Pruneau holds an M.Sc. in Finance from HEC Montréal and has been a member of the Montréal chapter of the CFA Institute since 2000.

France Lauzière, President and Chief Executive Officer, TVA Group and Chief Content Officer of Quebecor Content. France Lauzière was appointed to her current position in October 2017. France joined TVA Group in 2001 and became head of programming for the TVA Network in 2006. Afterwards, she held the position of Senior Vice President, Content of Quebecor Content and Vice President, Programming of TVA Group from 2006 to 2013. She also serves on the board of La Factory, a school for creativity dedicated to forging creative minds equipped to find new solutions to contemporary challenges.

Marc M. Tremblay, Chief Operating Officer and Chief Legal Officer. Mr. Tremblay was promoted Chief Operating Officer and Chief Legal Officer of Quebecor and Quebecor Media in January 2019. He was previously Senior Vice President, Chief Legal Officer and Public Affairs and Corporate Secretary, a position he held since September 2014. Prior to that date, he was Senior Vice President and Chief Legal Officer and Public Affairs of Quebecor Media, a position he held from October 2013. Prior to that date, Mr. Tremblay was Senior Vice President, Legal Affairs, a position he held from March 2012. Prior to that date, he was Vice President, Legal Affairs of Quebecor Media, a position he held as of March 2007. Prior to that date, Mr. Tremblay practiced law at Ogilvy Renault LLP (now Norton Rose Fulbright Canada LLP) for 22 years. He has been a member of the *Québec bar* since 1983.

Hugues Simard, Chief Financial Officer. Mr. Simard has been Chief Financial Officer of Quebecor and Quebecor Media since January 2019. Over a period of 20 years, from 1998 to 2017, he occupied a series of key positions with various Quebecor subsidiaries, including Senior Vice President and Chief Financial Officer of Videotron from 2014 to 2017, Senior Vice President, Development & Strategy of Quebecor Media, and Vice-President, Finance and Chief Financial Officer of Sun Media Corporation from 2007 to 2014. Between June 2017 and his return to Quebecor, Mr. Simard was Executive Vice President and Chief Financial Officer of Indigo Books & Music in Toronto. Mr. Simard holds an MBA from Harvard Business School and a Bachelor of Applied Science and Engineering degree from the University of Toronto.

Christian Jetté, President, Publishing, Book Group, Quebecor and CEO, CEC Publishing. Mr. Jetté has been President, Publishing of Quebecor's Book Group, which includes the publishing houses Librex, Homme, Ville-Marie littérature and others, since 2013 and CEO of textbook publisher CEC Publishing since 2003. He also served as Vice President, finance of CEC Publishing from 1990 to 2003 and worked in distribution at Québec-Livres, a Quebecor subsidiary. Mr. Jetté holds a Bachelor's degree in Business Administration from HEC Montréal and is a member of the *Ordre des comptables professionnels agréés du Québec*.

Patrick Jutras, Senior Vice President and Chief Advertising Officer of Quebecor and TVA Group. Mr. Jutras was appointed to his current position in September 2019. Prior to that date, he was Vice President, Digital Business Development at Videotron. From October 2016 to May 2019, he was Vice President, Sales at La Presse. He also worked for Bell Media as Senior Vice President, Sales and Operations. During his career, he was also a main management and strategy advisor at well-known companies such as Labatt and Nestlé. Mr. Jutras holds a Bachelor's degree in Business Administration, marketing and international trade from Université du Québec in Montréal and a Certificate in negotiation and leadership from Harvard Law School.

Jean-François Parent, Vice President and Treasurer. Mr. Parent was promoted Vice President and Treasurer in December 2018 from his previous position as Senior Director Financing and M&A of Quebecor Media. Mr. Parent joined Quebecor Media in 2006 and has assumed various responsibilities in treasury, corporate finance and mergers and acquisitions since then. He has also been Vice President and Treasurer of Quebecor and Videotron since December 2018. Mr. Parent holds a M.Sc. in Finance from Université de Sherbrooke and is a member of the Montréal chapter of the CFA Institute and a member of the *Ordre des comptables professionnels agréés du Québec*.

Lyne Robitaille, Senior Vice President, Newspapers, Magazines, Distribution and Printing, Quebecor Media and President and Publisher, Journal de Montréal. Ms. Robitaille was appointed to her current position in November 2017. She has occupied many management positions at Quebecor's newspaper business since joining the organization in 1988. Ms. Robitaille graduated from HEC Montréal with a Bachelor's degree in accounting in 1985. She is a member of the

Table of Contents

Ordre des comptables professionnels agréés du Québec.

Denis Sabourin, Vice President and Corporate Controller. Mr. Sabourin was appointed Vice President and Corporate Controller of Quebecor Media in March 2004. Prior to that date, he held the position of Senior Manager, Control. Mr. Sabourin is also Vice President and Corporate Controller of Quebecor. Prior to joining Quebecor Media, Mr. Sabourin served as corporate controller of Compagnie Unimédia (previously known as Unimédia Inc.) from 1994 to 2001 and as Operating Controller for the Hotel Group Auberges des Gouverneurs Inc. from 1990 to 1994. He also spent seven years with Samson Bélair/Deloitte & Touche, Chartered Accountants. Mr. Sabourin is a Chartered Professional Accountant and is a member of the *Ordre des comptables professionnels agréés du Québec.*

Martin Tremblay, Chief Operating Officer, Quebecor Sports and Entertainment Group. Mr. Tremblay was appointed Chief Operating Officer, Quebecor Sports and Entertainment Group in August 2017. From 2012 to 2017, he held the position of Vice President, Public Affairs of Quebecor Media. He previously worked for several years in the Office of the Minister of the Environment, the Office of the Minister of Municipal Affairs and at the Office of the Mayor of the City of Montréal. Since January 2019, Mr. Tremblay is a member of the Board of Directors of ComediHa! Mr. Tremblay holds a Bachelor's degree in international relations from Université du Québec in Chicoutimi.

Mathieu Turbide, Vice President, Digital Content, Quebecor and Vice President, NumériQ. Mr. Turbide joined Quebecor in 2002. He was a reporter and then assistant news editor at *Le Journal de Montréal* until 2012. He was then appointed digital content editor and oversaw the move into digital by Quebecor's newspapers. Mr. Turbide is a career journalist who worked in radio, television and print media as a reporter, columnist and investigative journalist before joining Quebecor.

B - Compensation

Compensation of Directors

The table below indicates the compensation received by our Directors for the financial year ended December 31, 2019:

Compensation for the financial year ended December 31, 2019 ⁽¹⁾	\$
Chair of the Board ⁽²⁾	390,000
Vice Chair of the Board and Lead Director	20,000
Base compensation of Directors	90,000
Chair of the Audit Committee	30,000
Chair of the Human Resources and Corporate Governance Committee	26,000
Members of the Audit Committee (except Chair)	15,000
Members of the Human Resources and Corporate Governance Committee (except Chair)	17,000
Members of the Executive Committee	5,000
Attendance fees (lump sum payment)	20,000

(1) All Directors of Quebecor are also acting as Directors of Quebecor Media. Fees are borne on a pro rata basis between the two corporations.

(2) The Chair of the Board does not receive attendance fees nor any other additional compensation for acting as Director.

All of our Directors are reimbursed for travel and other reasonable expenses incurred in attending meetings of the Board of Directors or of one of its committees.

From January 1 to December 31, 2019, the amount of compensation (including benefits in kind) paid to our Directors for services in all capacities to Quebecor and Quebecor Media and its subsidiaries (other than TVA Group) was \$1,531,365. None of our Directors have contracts with us or any of our subsidiaries that provide for benefits upon termination of employment.

Table of Contents

Quebecor has implemented a Directors' Deferred Stock Unit Plan (the "DSUP"). Under the DSUP, each director of Quebecor and Quebecor Media must receive a portion of his compensation in the form of units, such portion representing at least 50% of the annual base compensation, which could be less upon reaching the minimum shareholding threshold set out in the policy regarding the minimum shareholding by directors. Subject to certain conditions, each director may elect to receive up to 100% of the total fees payable for services as a director in the form of units. The value of a deferred share unit ("DSU") is based on the weighted average trading price of Quebecor's Class B shares on the Toronto Stock Exchange over the last five trading days immediately preceding the relevant date. DSUs will entitle the holders thereof to dividends, which will be paid in the form of additional units at the same rate as that applicable to dividends paid from time to time on Quebecor's Class B shares. Subject to certain limitations, the DSUs will be redeemed by Quebecor when the director ceases to serve as a director of Quebecor and/or Quebecor Media. For the purpose of redeeming units, the value of a DSU shall correspond to the fair market value of Quebecor's Class B shares on the redemption date.

Compensation of Executive Officers

Compensation of our senior executive officers is composed primarily of base salary and the payment of short-term and mid-term cash bonuses. Cash bonuses are generally tied to the achievement of financial performance indicators and strategic objectives, and they may vary from 33% to 140% of base salary depending upon the level of responsibilities of the senior executive officer. Our executive compensation package is also complemented by long-term incentives in the form of stock options.

For the financial year ended December 31, 2019, our senior executive officers, as a group, received aggregate compensation of \$14.2 million for services they rendered in all capacities during 2019, which amount includes base salary, bonuses and benefits in kind.

Quebecor Media's Stock Option Plan

Under a stock option plan established by Quebecor Media, 6,180,140 common shares of Quebecor Media (representing 7.8% of all of the outstanding common shares of Quebecor Media) have been set aside for directors, officers, senior employees, and other key employees of Quebecor Media and its subsidiaries. Our Human Resources and Corporate Governance Committee is responsible for the administration of this stock option plan and, as such, designates the participants under the stock option plan and determines the number of options granted, the vesting schedule, the expiration date and any other terms and conditions relating to the options.

Each option may be exercised within a maximum period of ten years following the date of grant at an exercise price not lower than, as the case may be, the fair market value of the common shares of Quebecor Media at the date of grant, as determined by our Board of Directors (if the common shares of Quebecor Media are not listed on a stock exchange at the time of the grant) or the 5-day weighted average closing price ending on the day preceding the date of grant of the common shares of Quebecor Media on the stock exchange(s) where such shares are listed at the time of grant, as applicable. For so long as the shares of Quebecor Media are not listed on a recognized stock exchange, optionees may exercise their vested options during one of the following annual periods: from March 1 to March 30, from June 1 to June 29, from September 1 to September 29 and from December 1 to December 30. Holders of options under the plan have the choice at the time of exercising their options to receive an amount in cash equal to the difference between the fair market value of the common shares, as determined by our Board of Directors, and the exercise price of their vested options or, subject to certain stated conditions, purchase common shares of Quebecor Media at the exercise price. Except under specific circumstances, and unless our Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by our Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first 33 $\frac{1}{3}$ % vesting on the third anniversary of the date of grant. Pursuant to the terms of this plan, no optionee may hold options representing more than 5% of the outstanding common shares of Quebecor Media.

During the year ended December 31, 2019, no options were granted under this plan to officers and employees of Quebecor Media and its subsidiaries. During the year ended December 31, 2019, a total of 147,400 options were exercised by officers and employees of Quebecor Media and its subsidiaries, for aggregate gross value realized of \$7.4 million. The

Table of Contents

value realized on option exercises represents the difference between the option exercise price and the fair market value of Quebecor Media common shares (as determined as set forth above) at the date of exercise. As of December 31, 2019, an aggregate total of 129,200 options were outstanding (of which 97,550 were vested at that date), with a weighted average exercise price of \$65.41 per share.

No further grant of options is being contemplated for the near future.

Quebecor's Stock Option Plan

Under a stock option plan established by Quebecor, 26,000,000 Quebecor Class B Shares have been set aside for Directors, officers, senior employees and other key employees of Quebecor and its subsidiaries, including Quebecor Media. The exercise price of each option is equal to the weighted average trading price of Quebecor Class B Shares on the Toronto Stock Exchange over the last five trading days immediately preceding the grant of the option. Each option may be exercised during a period not exceeding ten years from the date granted. As per the provisions of the plan, options usually vest as follows: $\frac{1}{3}$ after one year, $\frac{2}{3}$ after two years, and 100% three years after the original grant. The Board of Directors of Quebecor may, at its discretion, affix different vesting periods at the time of each grant. Thus, when granting options in 2018 and 2019, the Board of Directors has determined that options would vest equally over three years with the first $33\frac{1}{3}\%$ vesting on the third anniversary of the date of the grant. Holders of options under the Quebecor stock option plan have the choice, when they want to exercise their options, to acquire Quebecor Class B Shares at the corresponding option exercise price or to receive a cash payment from Quebecor equivalent to the difference between the market value of the underlying shares and the exercise price of the option. By signing the notice of grant they have received, holders of options have committed to obtaining Quebecor's consent before exercising their right to purchase the shares for which they wish to exercise their options.

During the year ended December 31, 2019, 1,403,250 options to purchase Quebecor Class B Shares were granted to officers and employees of Quebecor Media and its subsidiaries. As of December 31, 2019, a total of 2,504,892 options to purchase Quebecor Class B Shares, with a weighted average exercise price of \$29.21 per share, were outstanding (none of which were vested at that date). The closing sale price of the Quebecor Class B Shares on the TSX on December 31, 2019 was \$33.14.

TVA Group's stock option plan

Under a stock option plan established by TVA Group, 2,200,000 TVA Group Class B Shares have been set aside for officers and employees of TVA Group and its subsidiaries. The terms and conditions of options granted are determined by TVA Group's Human Resources and Corporate Governance Committee. The subscription price of an option cannot be less than the closing price of TVA Group Class B Shares on the Toronto Stock Exchange the day before the option is granted. Unless the Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by the Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first $33\frac{1}{3}\%$ vesting on the third anniversary of the date of grant. The term of an option cannot exceed 10 years. Holders of options under the TVA Group's stock option plan have the choice, at the time of exercising their options, of receiving a cash payment from TVA Group equal to the number of shares corresponding to the options exercised, multiplied by the difference between the market value of the TVA Group Class B Shares and the exercise price of the option or, subject to certain conditions, exercise their options to purchase TVA Group Class B Shares at the exercise price. The market value is defined as the average closing market price of the TVA Group Class B Shares for the last five trading days preceding the date on which the option was exercised. By signing the notice of grant they have received, holders of options have committed to obtaining TVA Group's consent before exercising their right to purchase the shares for which they wish to exercise their options. This consent is not required for options granted prior to 2018.

During the year ended December 31, 2019, 290,000 options to purchase TVA Group Class B Shares were granted to officers and employees of TVA Group. As of December 31, 2019, a total of 515,000 options to purchase TVA Group Class B Shares, with a weighted average exercise price of \$2.43 per share, were outstanding (of which 28,000 were vested at that date). The closing sale price of the TVA Group Class B Shares on the TSX on December 31, 2019 was \$1.48.

[Table of Contents](#)

Quebecor's DSU and PSU plans

On July 13, 2016, Quebecor established a DSU plan and a PSU plan for its employees and those of its subsidiaries. Both plans are based on Quebecor Class B shares and, in the case of the DSU plan, also on TVA Group Class B shares. The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B shares or TVA Group Class B shares. As of December 31, 2019, 158,855 DSUs based on Quebecor Class B shares, 54,030 DSUs based on TVA Group Class B shares and 117,972 PSUs based on Quebecor Class B Shares were outstanding.

TVA Group's DSU and PSU plans

On July 10, 2016, TVA Group established a DSU plan and a PSU plan for its employees based on TVA Group Class B shares. The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on TVA Group Class B shares. As of December 31, 2019, 177,256 DSUs and 131,129 PSUs were outstanding.

For more information on the compensation plans described above, refer to note 24 to our audited consolidated financial statements for the year ended December 31, 2019 included under "Item 18. Financial Statements" of this annual report.

Pension Benefits

Quebecor Media and its subsidiaries maintain a pension plan for their executive officers. The higher pension benefits under the Quebecor Media plan equal 2.0% of the average salary over the best five consecutive years of salary (including bonuses), multiplied by the number of years of membership in the plan as an executive officer. The pension benefits so calculated are payable at the normal retirement age, which is 65 years of age, or sooner at the election of the executive officer, and, from age 61, without early retirement reduction. In addition, the pension benefits may be deferred, but not beyond the age limit under the provisions of the *Income Tax Act* (Canada), in which case the pension benefits are adjusted to take into account the delay in payment thereof in relation to the normal retirement age. The maximum pension benefits payable under such pension plan are as prescribed by the *Income Tax Act* (Canada) and is based on a maximum salary of \$154,611. An executive officer contributes to the plan an amount equals to 5% of his or her salary up to a maximum of \$7,731 in respect of 2019. Quebecor Media closed this pension plan to all new employees hired on and after December 27, 2008. However, Quebecor Media reserves the right, in exceptional circumstances, to allow an executive officer to join the pension plan as of the date of hire or any subsequent date. New employees are eligible to enroll in a retirement savings plan.

The total amount we contributed for the year ended December 31, 2019 to provide the pension benefits to our senior executives, as a group, was \$378,000. For a description of the amount set aside or accrued for pension plans and post-retirement benefits by us to all participants, refer to Note 31 to our audited consolidated financial statements for the year ended December 31, 2019 included under "Item 18. Financial Statements" of this annual report.

The table below indicates the annual pension benefits that would be payable at the normal retirement age of 65 years:

Compensation	Years of Participation				
	10	15	20	25	30
\$154,611 or more	\$ 30,922	\$ 46,383	\$ 61,844	\$ 77,306	\$ 92,767

Table of Contents

C - Board Practices

In accordance with our charter, our Board of Directors may consist of at least one Director and no more than 20 Directors. Our Board of Directors currently consists of nine Directors. Each Director serves a one-year term and holds office until the next annual general shareholders' meeting or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by reason of death, removal or other cause.

Reference is made to "A. Directors and Senior Management" above for the current term of office, if applicable, and the period during which our directors and senior management have served in that office.

Executive Committee

The Executive Committee of our Board of Directors is currently composed of three members, namely Messrs. André P. Brosseau, Robert Paré and Normand Provost. Mr. Brosseau is the Chairman of our Executive Committee. The Committee has and may exercise all the powers of the Board of Directors, subject to the restrictions that shall be imposed by the Board of Directors from time to time and by the *Business Corporations Act* (Québec). However, the Committee does not have the power to grant options, DSUs or PSUs which power has already been delegated by the Board of Directors to its Human Resources and Corporate Governance Committee.

Audit Committee

Our Audit Committee is currently composed of three Directors, namely Messrs. André P. Brosseau and Normand Provost and Ms. Chantal Bélanger. Mr. Provost is the Chairman of our Audit Committee. Our Board of Directors has determined that more than one of the members of the Audit Committee is an "audit committee financial expert" as defined under SEC rules. See "Item 16A — Audit Committee Financial Expert". Our Board of Directors has adopted the mandate of our Audit Committee in light of the *Sarbanes-Oxley Act* of 2002 and related SEC rulemaking. Our Audit Committee assists our Board of Directors in overseeing our financial controls and reporting. Our Audit Committee also oversees our compliance with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

The current mandate of our Audit Committee provides, among other things, that our Audit Committee reviews our annual and quarterly financial statements before they are submitted to our Board of Directors, as well as the financial information contained in our annual reports on Form 20-F, our management's discussion and analysis of financial condition and results of operations, our quarterly reports furnished to the SEC under cover of Form 6-K and other documents containing similar information before their public disclosure or filing with regulatory authorities; reviews our accounting policies and practices; and discusses with our independent auditors the scope of their audit, as well as our auditors' recommendations and observations with respect to the audit, our accounting policies and financial reporting, and the responses of our management with respect thereto. Our Audit Committee is also responsible for ensuring that we have in place adequate and effective internal control and management information systems to monitor our financial information and to ensure that our transactions with related parties are made on terms that are fair for us. Our Audit Committee pre-approves all audit services and permitted non-audit services and pre-approves all the fees pertaining to those services that are payable to our independent auditor, and submits the appropriate recommendations to our Board of Directors in connection with these services and fees. Our Audit Committee also reviews the scope of the audit and the results of the examinations conducted by our internal audit department. In addition, our Audit Committee recommends the appointment of our independent auditors, subject to our shareholders' approval. At least every five years, our Audit Committee carries out an assessment of the external auditor. It also reviews and approves our Code of Ethics applicable to the Chief Executive Officer, Chief Financial Officer, controller, principal financial officer and other persons performing similar functions. Lastly, it also reviews and oversees risk management, particularly including operational risks related to information technology and cybersecurity.

Human Resources and Corporate Governance Committee

Our Human Resources and Corporate Governance Committee is composed of Ms. Sylvie Lalande, Ms. Lise Croteau and Mr. André P. Brosseau. Ms. Lalande is the Chair of our Human Resources and Corporate Governance Committee. Our Human Resources and Corporate Governance Committee was formed with the mandate to examine and decide upon our global compensation and benefits policies and those of our subsidiaries that do not have a Human

Table of Contents

Resources and Corporate Governance Committee, including certain matters relating to compensation. Our Human Resources and Corporate Governance Committee is also responsible for the review, on an annual basis, of the compensation of our Directors, and of corporate governance matters.

Liability Insurance

Quebecor Media carries liability insurance for the benefit of its Directors and officers, as well as for the Directors and officers of Quebecor and those of Quebecor Media's subsidiaries against certain liabilities incurred by them in such capacity. These policies are subject to customary deductibles and exceptions. The premiums in respect of this insurance are entirely paid by Quebecor Media, which is then reimbursed by Quebecor and Quebecor Media's subsidiaries for their ratable portion thereof.

D- Employees

As of December 31, 2019, we had 10,038 employees on a consolidated basis. As of December 31, 2018 and 2017, we had 10,039 and 10,158 employees on a consolidated basis, respectively. A number of our employees work part-time. The following table sets forth certain information relating to our employees in each of our operating segments as of December 31, 2019:

Business segments	Total number of employees	Number of employees under collective bargaining agreements	Number of collective bargaining agreements
Telecommunications	6,493	3,734	5
Videotron	6,435	3,685	4
Other	58	49	1
Media	2,855	1,229	20
MediaQMI	275	154	6
TVA Group	1,873	915	7
Other	707	160	7
Sports and Entertainment	519	122	2
Corporate	171	—	—
Total	10,038	5,085	27

Table of Contents

As of December 31, 2019, 51% of our employees were represented by collective bargaining agreements. Through our subsidiaries, we are party to 27 collective bargaining agreements:

Videotron is party to four collective bargaining agreements representing 3,685 unionized employees. The collective bargaining agreement covering 2,950 unionized employees in the Montréal region expired on December 31, 2018. The negotiation phase is currently underway with this unit. There are also three collective bargaining agreements covering unionized employees in the Gatineau, Québec City and Saguenay regions, with terms running through August 31, 2020 (Gatineau), and December 31, 2021 (Québec City and Saguenay), respectively.

One other collective bargaining agreement covering 49 unionized employees of our subsidiary, SETTE inc., expired on December 31, 2018. The negotiation phase is currently underway.

MediaQMI is party to six collective bargaining agreements, representing 154 unionized employees. Of these six collective bargaining agreements, three have expired on December 31, 2019 and their renewal will soon be subject to phases of negotiation. The three other collective bargaining agreements will respectively expire on April 4, 2020, June 30, 2020 and December 31, 2020.

TVA Group is party to seven collective bargaining agreements, representing 915 unionized employees. Negotiations related to three collective bargaining agreements, that expired in 2018, and 2019, are in progress or will be undertaken in 2020.

Other subsidiaries of the Media segment are party to various collective agreements, representing 160 unionized employees:

Entities	Employees	Terms	Comments
RéseauQMI Mirabel — Office	45	12/31/2021	None
Mirabel — Expedition	16	12/31/2020	None
RéseauQMI Québec —Warehouse/Office	18	09/30/2021	None
Mirabel — Printing / Maintenance	55	05/05/2021	None
RéseauQMI Mirabel — Warehouse	26	12/31/2022	None

Our Sports and Entertainment segment is party to two collective bargaining agreements, representing 122 unionized employees:

Entities	Employees	Terms	Comments
Édition CEC	30	12/31/2020	None
ADP - Sogides	92	12/31/2021	None

We currently have no labour disputes, nor do we currently anticipate any such labour dispute in the near future. We can neither predict the outcome of current or future negotiations relating to labour disputes, if any, union representation or renewal of collective bargaining agreements, nor guarantee that we will not experience work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations.

If our unionized workers engage in a strike or any other form of work stoppage, we could experience a significant disruption to our operations, damage to our property and/or interruption to our services, which could adversely affect our business, assets, financial position, results of operations and reputation. Even if we do not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect our business and results of operations. Such could be the case if current or future labour negotiations or contracts were to further restrict our ability to maximize the efficiency of our operations. In addition, our ability to make short-term adjustments to control compensation and benefits costs is limited by the terms of our collective bargaining agreements.

Table of Contents

D - Share Ownership

Except as disclosed under “Item 7. Major Shareholders and Related Party Transactions — Major Shareholders” of this annual report, none of our equity securities are held by any of our Directors or senior executive officers. For a description of Quebecor Media’s stock option plan, see “B. Compensation” above.

ITEM 7 — MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A - Major Shareholders

Quebecor Media is a wholly owned subsidiary of Quebecor. The primary asset of Quebecor, a communications holding company, is its interest in us.

To the knowledge of our directors and officers and according to public information available, the only persons or companies which, as at March 11, 2020, beneficially owned or exercised control or direction over more than 10% of the shares of any class of voting shares of Quebecor were Pierre Karl Péladeau, Fidelity Management & Research Company et als (“Fidelity”) and Mackenzie Financial Corporation (“Mackenzie”).

Name	Number of Class A Shares held	% of Class A Shares held	Number of Class B Shares held	% of Class B Shares held	% of voting rights attached to outstanding Class A and B Shares
Pierre Karl Péladeau	69,873,856	90.50%	829,040	0.47%	73.73%
Fidelity ⁽¹⁾	—	—	18,302,057	10.36%	1.93%
Mackenzie ⁽²⁾	—	—	18,095,769	10.24%	1.91%

(1) Based on an early warning report filed on SEDAR on August 12, 2019, the last publicly available information disclosing the share ownership in Quebecor of Fidelity Management & Research Company, FMR Co., Inc., Fidelity Management Trust Company, FIAM LLC, Fidelity Institutional Asset Management Trust Company, Strategic Advisers LLC, FIL Limited, Crosby Advisors LLC, Fidelity SelectCo, LLC, Fidelity (Canada) Asset Management ULC, and FIL Limited and certain of its affiliates.

(2) Based on Form 62-103F3 filed on SEDAR on September 10, 2019, the last publicly available information disclosing the share ownership in Quebecor of Mackenzie.

B - The Corporation’s Shareholders Agreement

We entered into a shareholders’ agreement, dated October 23, 2000, with Quebecor and certain of its wholly owned subsidiaries, and Capital CDPQ, as consolidated and amended by a shareholders’ agreement dated December 11, 2000, which sets forth the rights and obligations of Quebecor and Capital CDPQ as our shareholders.

In May and June 2018, CDPQ’s interest in the Corporation was entirely repurchased and the Corporation’s Shareholders Agreement was terminated.

C - Certain Relationships and Related Party Transactions

Related Party Transactions

The following describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. The Corporation believes that each of the transactions described below was on terms no less favourable to Quebecor Media than could have been obtained from independent third parties.

Operating transactions

During the year ended December 31, 2019, the Corporation made sales to affiliated companies in the amount of \$3.8 million (\$2.8 million in 2018 and 2017) and incurred expenses with affiliated companies in the amount of \$7.0 million (none in 2018 and 2017), which are included in “Purchase of goods and services”. The Corporation also recorded \$35.8 million in interest on loans (\$14.8 million in 2018 and none in 2017) and incurred \$2.4 million in interest on leases

Table of Contents

(\$2.5 million in 2018 and \$2.7 million in 2017) with the parent corporation. These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis.

Management arrangements

The parent corporation has entered into management arrangements with the Corporation. Under these management arrangements, the parent corporation and the Corporation provide management services to each other on a cost reimbursement basis. The expenses subject to reimbursement include the salaries of the Corporation's executive officers, who also serve as executive officers of the parent corporation. In 2019, the Corporation received an amount of \$2.4 million, which is included as a reduction in employee costs (\$2.4 million in 2018 and \$2.2 million in 2017), and incurred management fees of \$2.2 million (\$2.5 million in 2018 and \$2.7 million in 2017) with shareholders. These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis.

Tax transactions

In 2019, the parent corporation transferred \$59.0 million of non-capital losses (\$54.2 million in 2018 and none in 2017) to the Corporation in exchange for a cash consideration of \$14.9 million (\$13.9 million in 2018 and none in 2017). These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis and was accounted for at the consideration agreed between the parties.

D - Interests of Experts and Counsel

Not applicable.

ITEM 8 — FINANCIAL INFORMATION

A - Consolidated Statements and Other Financial Information

The consolidated balance sheets of Quebecor Media as at December 31, 2019 and 2018, and the consolidated statements of income, comprehensive income, equity and cash flows of Quebecor Media for each of the years in the three-year period ended December 31, 2019, as well as the Report of Independent Registered Public Accounting Firm thereon, are presented in "Item 18. Financial Statements" of this annual report (beginning on page F-1).

B - Legal Proceedings

We and our subsidiaries are involved in a number of other legal proceedings against us which are pending. In the opinion of our management, the outcome of these proceedings is not expected to have a material adverse effect on our results or financial position.

C - Dividend Policy and Dividends

Dividend Policies and Payments

Our authorized share capital consists of (i) common shares, (ii) Cumulative First Preferred Shares, consisting of Series A Shares, Series B Shares, Series C Shares, Series D Shares, Series F Shares and Series G Shares, and (iii) Preferred Shares, Series E. As of December 31, 2019, our issued and outstanding share capital was as follows:

79,377,062.24 common shares outstanding, all of which were held, directly or indirectly, by Quebecor.

Holders of our common shares are entitled, subject to the rights of the holders of any Preferred Shares, to receive such dividends as our Board of Directors shall determine in its discretion. In 2019, the Board of Directors of Quebecor Media declared and paid aggregate cash dividends on our common shares of \$100 million. In 2018, the Board of Directors of Quebecor Media declared and paid aggregate cash dividends on our common shares of \$100 million. In 2017, the Board of Directors of Quebecor Media declared and paid aggregate cash dividends on our common shares of \$50 million

Table of Contents

and declared and made a distribution in the form of a reduction of paid-up capital of our common shares in the amount of \$50 million. We currently expect, to the extent permitted by our Articles of Incorporation, the terms of our indebtedness and applicable law, to continue to pay dividends to our shareholders or reduce paid-up capital in the future.

Holders of our Series A Shares are entitled to receive fixed cumulative preferred dividends at a rate of 12.5% per share per annum. The dividends declared on the Series A Shares are payable semi-annually on a cumulative basis on January 14 and July 14 of each year. No dividends may be paid on any shares ranking junior to the Series A Shares unless all dividends which shall have become payable on the Series A Shares have been paid or set aside for payment.

Holders of our Series B Shares are entitled to receive a cumulative cash dividend, when, as and if declared by the Board of Directors. The dividend shall be payable only upon conversion of the Series B Shares into Common shares. Dividends are determined by the Board of Directors in accordance with our Articles of Incorporation.

Holders of our Series C Shares are entitled to receive fixed cumulative preferred dividends at a rate of 11.25% per share per annum. The dividends declared on the Series C Shares are payable semi-annually on a cumulative basis on June 20 and December 20 of each year. No dividends may be paid on any shares ranking junior to the Series C Shares unless all dividends which shall have become payable on the Series C Shares have been paid or set aside for payment.

Holders of our Series D Shares are entitled to receive fixed cumulative preferred dividends at a rate of 11.0% per share per annum. The dividends declared on the Series D Shares are payable semi-annually on a cumulative basis on June 20 and December 20 of each year. No dividends may be paid on any shares ranking junior to the Series D Shares unless all dividends which shall have become payable on the Series D Shares have been paid or set aside for payment.

Holders of our Series E Shares are entitled to receive a maximum non-cumulative preferred monthly dividend at a rate of 1.25% per month, calculated on the redemption price of the Series E Shares when, as and if declared by the Board of Directors. The Series E Shares rank senior to the common shares but junior to the Series A Shares, Series B Shares, Series C Shares and Series D Shares.

Holders of our Series F Shares are entitled to receive fixed cumulative preferred dividends at a rate of 10.85% per annum per share. The dividends declared on the Series F Shares are payable semi-annually on a cumulative basis on January 14 and July 14 of each year. No dividends may be paid on any shares ranking junior to the Series F Shares unless all dividends which shall have become payable on the Series F Shares have been paid or set aside for payment.

Holders of our Series G Shares are entitled to receive fixed cumulative preferred dividends at a rate of 10.85% per annum per share. The dividends declared on the Series G Shares are payable semi-annually on a cumulative basis on June 20 and December 20 of each year. No dividends may be paid on any shares ranking junior to the Series G Shares unless all dividends which shall have become payable on the Series G Shares have been paid or set aside for payment.

D - Significant Changes

Except as otherwise disclosed in this annual report (including under “Item 5. Operating and Financial Review and Prospects”), there has been no significant change in our financial position since December 31, 2016.

ITEM 9 — THE OFFER AND LISTING

A - Offer and Listing Details

Not applicable.

B - Plan of Distribution

Not applicable.

Table of Contents

C - Markets

Outstanding Notes

On October 11, 2012, we issued and sold CAN\$500.0 million aggregate principal amount of our 6^{5/8}% Senior Notes due 2023 and US\$850.0 million aggregate principal amount of our 5^{3/4}% Senior Notes due 2023 in private placements exempt from the registration requirement of the Securities Act and prospectus requirements of applicable Canadian securities laws. Our 5^{3/4}% Senior Notes due 2023 and our 6^{5/8}% Senior Notes due 2023 are unsecured and are due on January 15, 2023, with cash interest payable semi-annually in arrears on June 15 and December 15 of each year. In connection with the private placement of the 5^{3/4}% Senior Notes due 2023, we filed a registration statement on Form F-4 with the SEC on April 10, 2013 and completed the registered exchange offer on May 21, 2013. As a result of this exchange offer, our 5^{3/4}% Senior Notes due 2023 issued on October 11, 2012 have been registered under the Securities Act. Our 6^{5/8}% Senior Notes due 2023 were not and will not be registered under the Securities Act or under the laws of any other jurisdiction.

There is currently no established trading market for our senior notes. There can be no assurance as to the liquidity of any market that may develop for our outstanding senior notes, the ability of the holders of any such senior notes to sell them or the prices at which any such sales may be made. We have not and do not presently intend to apply for a listing of our outstanding senior notes on any exchange or automated dealer quotation system. The record holder of our 5^{3/4}% Senior Notes due 2023 is Cede & Co., a nominee of The Depository Trust Company, and the record holder of our 6^{5/8}% Senior Notes due 2023 is CDS Clearing and Depository Services Inc.

D - Selling Shareholders

Not applicable.

E - Dilution

Not applicable.

F - Expenses of the Issuer

Not applicable.

ITEM 10 — ADDITIONAL INFORMATION

A - Share Capital

In addition to our common shares, our authorized share capital is comprised of (i) Cumulative First Preferred Shares, Series A, or Series A Shares; (ii) Cumulative First Preferred Shares, Series B, or Series B Shares; (iii) Cumulative First Preferred Shares, Series C, or Series C Shares; (iv) Cumulative First Preferred Shares, Series D, or Series D Shares; (v) Preferred Shares, Series E, or Series E Shares; (vi) Cumulative First Preferred Shares, Series F, or Series F Shares; and (vii) Cumulative First Preferred Shares, Series G, or Series G Shares. As of December 31, 2019, there were no issued and outstanding preferred shares.

B- Memorandum and Articles of Association

On January 17, 2013, our Articles of Incorporation and the various Articles of Amendment were consolidated, as permitted by the *Business Corporations Act* (Québec). These Articles of Consolidation are filed as an exhibit to this annual report. In this description, we refer to our Articles of Consolidation as the “**Articles**”. The following is a summary of certain provisions of our Articles and our by-laws.

We were incorporated, in Canada, under Part IA of the *Companies Act* (Québec) as 9093-9687 Québec Inc. on August 8, 2000 under registration number 1149501992. Since its coming into force on February 14, 2011, we are governed by the *Business Corporations Act* (Québec). On August 18, 2000, a Certificate of Amendment was filed to change our name to Media Acquisition Inc. Our name was further changed to Quebecor Media Inc. on September 26, 2000. Our Articles do not describe our object and purpose.

Table of Contents

1. (a) Our by-laws provide that a director must disclose the nature and value of any interest he has in a contract or transaction to which our Corporation is a party. A director must also disclose a contract or transaction to which the Corporation and any of the following are a party:

- a) an associate of the director;
- b) a group of which the director is a director or an officer;
- c) a group in which the director or an associate of the director has an interest.

No director may vote on a resolution to approve, amend or terminate the contract or transaction, or be present during deliberations concerning the approval, amendment or termination of such a contract or transaction unless the contract or transaction:

- a) relates primarily to the remuneration of the director or an associate of the director as a director of the Corporation or an affiliate of the Corporation;
 - b) relates primarily to the remuneration of the director or an associate of the director as an officer, employee or mandatary of the Corporation or an affiliate of the Corporation, if the Corporation is not a reporting issuer;
 - c) is for the indemnification of the directors in certain circumstances or liability insurance taken out by the Corporation;
 - d) is with an affiliate of the Corporation, and the sole interest of the director is as a director or officer of the affiliate.
- (b) Neither the Articles nor our by-laws contain provisions with respect to directors' power, in the absence of an independent quorum, to determine their remuneration.
- (c) Subject to any restriction which may from time to time be included in the Articles or our by-laws, or the terms, rights or restrictions of any of our shares or securities outstanding, our directors may authorize us to borrow money and obtain advances upon the credit of our Corporation, from any bank, corporation, firm, association or person, upon such terms and conditions, in all respects, as they think fit. The directors may authorize the issuance of bonds or other evidences of indebtedness of our Corporation, and may authorize the pledge or sale of the same upon such terms and conditions, in all respects, as they think fit. The directors are also authorized to hypothecate the property, undertaking and assets, movable or immovable, of our Corporation to secure payment for any bonds or other evidences of indebtedness or otherwise give guarantees to secure the payment of loans.

Neither the Articles nor our by-laws contain any provision with respect to (i) the retirement or non-retirement of our directors under an age limit requirement or (ii) the number of shares, if any, required for the qualification of our directors.

2. The rights, preferences and restrictions attaching to our common shares, Cumulative First Preferred Shares (consisting of the Series A Shares, the Series B Shares, the Series C Shares, the Series D Shares, the Series F Shares and the Series G Shares) and our Preferred Shares, Series E are set forth below:

Common Shares

- (a) *Dividend rights:* Subject to the rights of the holders of our Preferred Shares, each common share shall be entitled to receive such dividends as our Board of Directors shall determine.
- (b) *Voting rights:* The holders of our common shares shall be entitled to receive notice of any meeting of our shareholders and to attend and vote on all matters to be voted on by our shareholders, except at meetings at which only the holders of another specified series or class of shares are entitled to vote. At each such meeting, each common share shall entitle the holder thereof to one vote.

Table of Contents

- (c) *Rights to share in our profits:* Other than as provided in paragraph (a) above (the holders of our common shares are entitled to receive dividends as determined by our Board of Directors) and paragraph (d) below (the holders of our common shares are entitled to participation in our remaining property and assets available for distribution in the event of our liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding up our affairs, whether voluntarily or involuntarily, the holders of our common shares shall be entitled, subject to the rights of the holders of Preferred Shares, to participate equally, share for share, in our remaining property and assets available for distribution to our shareholders, without preference or distinction.
- (e) *Redemption provisions:* None
- (f) *Sinking fund provisions:* None
- (g) *Liability to capital calls by Quebecor Media:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. Our directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of common shares as a result of such holder owning a substantial number of shares:* None

For a description of the Corporation's Shareholders Agreement among the holders of our common stock, see "Item 7. Major Shareholders and Related Party Transactions — Major Shareholders" in this annual report.

Cumulative First Preferred Shares

Our Board of Directors may issue Cumulative First Preferred Shares at any time and from time to time in one or more series. Unless the Articles otherwise provide, the Cumulative First Preferred Shares of each series shall rank on parity with the Cumulative First Preferred Shares of every other series with respect to priority in the payment of dividends, return of capital and in the distribution of our assets in the event of our liquidation or dissolution. Unless the Articles otherwise provide, the Cumulative First Preferred Shares shall be entitled to priority over our common shares and any other class of our shares, with respect to priority in the payment of dividends, return of capital and in the distribution of our assets in the event of liquidation or dissolution.

As long as there are Cumulative First Preferred Shares outstanding, we shall not, unless consented to by the holders of the Cumulative First Preferred Shares and upon compliance with the provisions of the *Business Corporations Act* (Québec), (a) create any other class of shares ranking *pari passu* or in priority to any outstanding series of the Cumulative First Preferred Shares, (b) voluntarily liquidate or dissolve our Corporation or execute any decrease of capital involving the distribution of assets on any other shares of our capital stock or (c) repeal, amend or otherwise alter any provisions of the Articles relating to any series of the Cumulative First Preferred Shares.

Cumulative First Preferred Shares, Series A (Series A Shares)

- (a) *Dividend rights:* The holders of record of the Series A Shares shall be entitled to receive in each fiscal year fixed cumulative preferred dividends at the rate of 12.5% per share per annum. No dividends may be paid on any shares ranking junior to the Series A Shares unless all dividends which shall have become payable on the Series A Shares have been paid or set aside for payment.
- (b) *Voting rights:* Holders of Series A Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders unless we shall have failed to pay certain semi-annual dividends on the Series A Shares. In that event and only for so long as the dividend remains in arrears, the holders of Series A Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders'

Table of Contents

meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series A Share shall entitle the holder thereof to one vote.

- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (the holders of Series A Shares are entitled to receive a 12.5% cumulative preferential dividend) and paragraph (d) below (the holders of Series A Shares are entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series A Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series A Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series A Share and any accumulated and unpaid dividends with respect thereto.
- (e) *Redemption provisions:* Holders of Series A Shares may require us to redeem the Series A preferred shares at any time at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto. In addition, we may, at our option, redeem the Series A Shares at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by us:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series A Shares as a result of such holders owning a substantial number of shares:* None.

Cumulative First Preferred Shares, Series B (Series B Shares)

- (a) *Dividend rights:* The holders of record of the Series B Shares shall be entitled to receive a single cumulative dividend, payable in cash, in an amount to be determined by our Board of Directors in accordance with the Articles, which dividend, once determined by our Board of Directors, shall be paid on the date of conversion of the Series B Shares into our common shares. No dividends may be paid on any shares ranking junior to the Series B Shares unless all dividends which shall have become payable on the Series B Shares have been paid or set aside for payment.
- (b) *Voting rights:* Holders of Series B Shares, as such, shall not be entitled to receive notice of, and to attend or vote at, any meeting of our shareholders, unless we shall have failed to pay the dividend due to such holders. In that event and only for so long as the said dividend remains in arrears, the holders of Series B Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders' meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series B Share shall entitle the holder thereof to one vote.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (the holders of Series B Shares are entitled to receive the dividend referred to in paragraph (a) above) and paragraph (d) below (the holders of the Series B Shares are entitled to receive, in preference to the holders of common shares, an amount equal to \$1.00 per Series B Share and the dividend referred to in paragraph (a) above in the event of liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether

Table of Contents

voluntarily or involuntarily, the holders of Series B Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1.00 per Series B Share held and the dividend referred to in paragraph (a) above.

- (e) *Redemption provisions:* Holders of Series B Shares may require us to redeem the Series B Shares at any time at a price of \$1.00 per share plus the dividend referred to in paragraph (a) above. In addition, we may, at our option, redeem the Series B Shares at a price of \$1.00 per share plus the dividend referred to in paragraph (a) above.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by us:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series B Shares as a result of such holders owning a substantial number of shares:* None.

Cumulative First Preferred Shares, Series C (Series C Shares)

- (a) *Dividend rights:* The holders of record of the Series C Shares shall be entitled to receive in each fiscal year fixed cumulative preferred dividends at the rate of 11.25% per share per annum. No dividends may be paid on any shares ranking junior to the Series C Shares unless all dividends which shall have become payable on the Series C Shares have been paid or set aside for payment.
- (b) *Voting rights:* Holders of Series C Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders unless we shall have failed to pay certain dividends on the Series C Shares. In that event and only for so long as the dividend remains in arrears, the holders of Series C Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders' meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series C Share shall entitle the holder thereof to one vote.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (the holders of Series C Shares are entitled to receive a 11.25% cumulative preferential dividend) and paragraph (d) below (the holders of Series C Shares are entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series C Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series C Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series C Share and any accumulated and unpaid dividends with respect thereto.
- (e) *Redemption provisions:* Holders of Series C Shares may require us to redeem the Series C preferred shares at any time at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto. In addition, we may, at its option, redeem the Series C Shares at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by us:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise

[Table of Contents](#)

dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.

- (h) *Provisions discriminating against existing or prospective holders of Series C Shares as a result of such holders owning a substantial number of shares:* None.

Cumulative First Preferred Shares, Series D (Series D Shares)

- (a) *Dividend rights:* The holders of record of the Series D Shares shall be entitled to receive in each fiscal year fixed cumulative preferred dividends at the rate of 11.0% per share per annum. No dividends may be paid on any shares ranking junior to the Series D Shares unless all dividends which shall have become payable on the Series D Shares have been paid or set aside for payment.
- (b) *Voting rights:* Holders of Series D Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders unless we shall have failed to pay certain dividends on the Series D Shares. In that event and only for so long as the dividend remains in arrears, the holders of Series D Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders' meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series D Share shall entitle the holder thereof to one vote.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (the holders of Series D Shares are entitled to receive a 11.0% cumulative preferential dividend) and paragraph (d) below (the holders of Series D Shares are entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series D Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series D Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series D Share and any accumulated and unpaid dividends with respect thereto.
- (e) *Redemption provisions:* Holders of Series D Shares may require us to redeem the Series D preferred shares at any time at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto. In addition, we may, at its option, redeem the Series D Shares at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by us:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series D Shares as a result of such holders owning a substantial number of shares:* None.

Cumulative First Preferred Shares, Series F (Series F Shares)

- (a) *Dividend rights:* The holders of record of the Series F Shares shall be entitled to receive in each fiscal year fixed cumulative semi-annual dividends at the rate of 10.85% per share per annum. No dividends

Table of Contents

may be paid on any shares ranking junior to the Series F Shares unless all dividends which shall have become payable on the Series F Shares have been paid or set aside for payment.

- (b) *Voting rights:* Holders of Series F Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders unless we shall have failed to pay eight semi-annual dividends on the Series F Shares. In that event and only for so long as the dividend remains in arrears, the holders of Series F Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders' meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series F Share shall entitle the holder thereof to one vote.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (holders of Series F Shares are entitled to receive a 10.85% cumulative preferential semi-annual dividend) and paragraph (d) below (the holders of Series F Shares are entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series F Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, dissolution or reorganization), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series F Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series F Share and any accumulated and unpaid dividends with respect thereto.
- (e) *Redemption provisions:* Holders of Series F Shares may require us to redeem the Series F preferred shares at any time at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto. In addition, we may, at our option, redeem the Series F Shares at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by Quebecor Media:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series F Shares as a result of such holders owning a substantial number of shares:* None.

Cumulative First Preferred Shares, Series G (Series G Shares)

- (a) *Dividend rights:* The holders of record of the Series G Shares shall be entitled to receive in each fiscal year fixed cumulative semi-annual dividends at the rate of 10.85% per share per annum. No dividends may be paid on any shares ranking junior to the Series G Shares unless all dividends which shall have become payable on the Series G Shares have been paid or set aside for payment.
- (b) *Voting rights:* Holders of Series G Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders unless we shall have failed to pay eight semi-annual dividends on the Series G Shares. In that event and only for so long as the dividend remains in arrears, the holders of Series G Shares shall be entitled to receive notice of, and to attend and vote at, all shareholders' meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Series G Share shall entitle the holder thereof to one vote.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (holders of Series G Shares are entitled to receive a 10.85% cumulative preferential semi-annual dividend) and paragraph (d) below (the holders of Series G Shares are entitled to receive, in preference to the holders of common shares, an

Table of Contents

amount equal to \$1,000 per Series G Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, dissolution or reorganization), none.

- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series G Shares shall be entitled to receive, in preference to the holders of common shares, an amount equal to \$1,000 per Series G Share and any accumulated and unpaid dividends with respect thereto.
- (e) *Redemption provisions:* Holders of Series G Shares may require us to redeem the Series G preferred shares at any time at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto. In addition, we may, at our option, redeem the Series G Shares at a price of \$1,000 per share plus any accumulated and unpaid dividends with respect thereto.
- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by Quebecor Media:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series G Shares as a result of such holders owning a substantial number of shares:* None.

Preferred Shares

Preferred Shares, Series E (Series E Shares)

- (a) *Dividend rights:* The holders of record of the Series E Shares shall be entitled to receive a maximum non-cumulative preferential monthly dividend at the rate of 1.25% per share per month, which dividend shall be calculated based on the redemption price (the amount equal to the aggregate consideration for such share). The Series E Shares rank senior to the common shares but junior to the Series A Shares, Series B Shares, Series C Shares and Series D Shares.
- (b) *Voting rights:* Holders of Series E Shares shall not, as such, be entitled to receive notice of, or attend or vote at, any meeting of our shareholders.
- (c) *Rights to share in our profits:* Except as provided in paragraph (a) above (the holders of Series E Shares are entitled to receive a 1.25% maximum non-cumulative preferential monthly dividend) and paragraph (d) below (the holders of Series E Shares are entitled to receive, in preference to the holders of common shares, but subsequent to the holders of Series A Shares, Series B Shares, Series C Shares and Series D Shares, an amount equal to the redemption price of the Series E Shares and the amount of any declared but unpaid dividends on the Series E Shares referred to in paragraph (a) above), none.
- (d) *Rights upon liquidation:* In the event of our liquidation, dissolution or reorganization or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Series E Shares shall be entitled to receive, in preference to the holders of common shares, but subsequent to the holders of Series A Shares, Series B Shares, Series C Shares and Series D Shares, an amount equal to the redemption price of the Series E Shares held and the amount of any declared but unpaid dividends on the Series E Shares referred to in paragraph (a) above.
- (e) *Redemption provisions:* Holders of Series E Shares may require us to redeem the Series E preferred shares at any time at a price equal to the redemption price plus an amount equal to any dividends declared

Table of Contents

thereon but unpaid up to the date of redemption. The redemption price shall be equal to the aggregate consideration received for such share.

- (f) *Sinking fund provisions:* None.
- (g) *Liability to capital calls by Quebecor Media:* Our by-laws and the *Business Corporations Act* (Québec) provide that our directors may, from time to time, accept subscriptions, allot, issue, grant options in respect of or otherwise dispose of the whole or any part of the unissued shares of our share capital on such terms and conditions, for such consideration not contrary to law or to the *Business Corporations Act* (Québec) and as determined by the Board of Directors. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares.
- (h) *Provisions discriminating against existing or prospective holders of Series E Shares:* None.

3. ***Actions necessary to change the rights of shareholders:*** For a description of the action necessary to change the rights of holders of our Cumulative First Preferred Shares, see “Cumulative First Preferred Shares” in section 2 above. As regards our Preferred Shares, Series E, we will not, unless consented to by the holders of the Series E Shares and upon compliance with the provisions of the *Business Corporations Act* (Québec), repeal, amend or otherwise alter any provisions of the Articles relating to the Series E Shares. Under the general provisions of the *Business Corporations Act* (Québec), (i) our Articles may be amended by the affirmative vote of the holders of two-thirds ($\frac{2}{3}$) of the votes cast by the shareholders at a special meeting, and (ii) our by-laws may be amended by our Board of Directors and ratified by a majority of the votes cast by the shareholders at the next shareholders meeting. Unless they are rejected by the shareholders at the close of the meeting or not submitted to the shareholders, the amended by-laws are effective as of the date of the resolution of the Board of Directors approving them. However, by-laws amendments relating to procedural matters with respect to shareholders meetings take effect only once they have received shareholders approval.

4. ***Shareholder Meetings:*** Our by-laws and the *Business Corporations Act* (Québec) provide that the annual meeting of our shareholders shall be held within fifteen (15) months after the last preceding annual meeting. All shareholders meetings shall be held within the province of Québec at the place and time determined by our Board of Directors and may be called by order of our Board of Directors.

Our by-laws provide that notice specifying the place, date, time and purpose of any meeting of our shareholders shall be sent to all the shareholders entitled to vote and to each director at least 21 days but not more than 60 days before the meeting by any means providing proof of the date of sending at the addresses indicated in our records.

Our chairman of the board or, in his absence, our vice-chair of the board, if any, or in his absence, our president and chief executive officer or any other person that may be named by the board shall preside at all meetings of our shareholders. If the person who is to chair the meeting is not present at the meeting within 15 minutes after the time appointed for the meeting, the shareholders present choose one of their own to chair of the board the meeting.

Our by-laws provide that a quorum of shareholders is present at a shareholders meeting if, at the opening of the meeting, one or several holders of 50% or more of the shares that carry the right to vote at the meeting are present in person or represented by proxy.

5. ***Limitations on right to own securities:*** There are regulations related to the ownership and control of Canadian broadcast undertakings as described under “Item 4 — Information on the Corporation — Regulation”. There is no limitation imposed by Canadian law or by the Articles or our other constituent documents on the right of non-residents or foreign owners to hold or vote shares, other than as provided in the *Investment Canada Act* (Canada) and the Radiocommunication Act. The *Investment Canada Act* (Canada) requires “non-Canadian” (as defined in the *Investment Canada Act* (Canada)) individuals, governments, corporations and other entities who wish to acquire control of a “Canadian business” (as defined in the *Investment Canada Act* (Canada)) to file either an application for review (when certain asset value thresholds are met) or a post closing notification with the Director of Investments appointed under the *Investment Canada Act* (Canada), unless a specific exemption applies. The *Investment Canada Act* (Canada) requires that, when an acquisition of control of a Canadian business

Table of Contents

by a “non-Canadian” is subject to review, it must be approved by the Minister responsible for the *Investment Canada Act* (Canada) on the basis that the Minister is satisfied that the acquisition is “likely to be of net benefit to Canada”, having regard to criteria set forth in the *Investment Canada Act* (Canada). Radio licenses may be issued under the Radiocommunication Act to radiocommunication service providers (“**Service Providers**”) that meet the eligibility criteria of Canadian ownership and control set forth in the *Canadian Telecommunications Common Carrier Ownership and Control Regulations* (the “**CTCCOCR**”). Under the CTCCOCR, the holding corporation of a Service Provider may refuse to accept any subscription for or register the transfer of any of its voting shares unless it receives a declaration that such subscription or transfer would not result in the percentage of the total voting shares of the holding corporation of the Service Provider that are beneficially owned and controlled by non-Canadians exceeding 33 $\frac{1}{3}$ %.

6. **Provisions that could have the effect of delaying, deferring or preventing a change of control:** The Articles provide that none of our shares may be transferred without the consent of the directors expressed in a resolution duly adopted by them.

A register of transfers containing the date and particulars of all transfers of shares of our share capital shall be kept either at our head office or at any other place designated by the Board of Directors.

7. Not applicable.
8. Not applicable.
9. Not applicable.

C- Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years preceding publication of this annual report.

- (a) **Indenture relating to \$500,000,000 of our 6 $\frac{5}{8}$ % Senior Notes due January 15, 2023, dated as of October 11, 2012, by and between Quebecor Media, and Computershare Trust Company of Canada, as trustee.**

On October 11, 2012, we issued \$500,000,000 aggregate principal amount of our 6 $\frac{5}{8}$ % Senior Notes due January 15, 2023 pursuant to an Indenture, dated as of October 11, 2012, by and between Quebecor Media and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2023. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are not guaranteed by our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the “make-whole” redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Quebecor Media and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, other than our bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture were not and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (b) **Indenture relating to US\$850,000,000 of our 5 $\frac{3}{4}$ % Senior Notes due January 15, 2023 dated as of October 11, 2012, by and between Quebecor Media, and U.S. Bank National Association, as trustee.**

On October 11, 2012, we issued US\$850,000,000 aggregate principal amount of our 5 $\frac{3}{4}$ % Senior Notes due January 15, 2023 pursuant to an Indenture dated as of October 11, 2012, by and between Quebecor Media and U.S. Bank National Association, as trustee. These senior notes are unsecured and mature on January 15, 2023. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are not guaranteed by our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the “make-whole” redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Quebecor

Table of Contents

Media and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, other than our bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately.

- (c) **Indenture relating to \$325,000,000 of our 7³/₈% Senior Notes due January 15, 2021, dated as of January 5, 2011, by and between Quebecor Media, and Computershare Trust Company of Canada, as trustee.**

On January 5, 2011, we issued \$325,000,000 aggregate principal amount of our 7³/₈% Senior Notes due January 15, 2021 pursuant to an Indenture, dated as of January 5, 2011, by and between Quebecor Media and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2021. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are not guaranteed by our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the redemption prices set forth in this indenture. The indenture contains customary restrictive covenants with respect to Quebecor Media and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, other than our bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture were not and will not be registered under the Securities Act or under the laws of any other jurisdiction. In 2017, Quebecor Media redeemed and retired the entire principal amount outstanding of its 7³/₈% Senior Notes due January 15, 2021.

- (d) **Amended and Restated Credit Agreement, dated as of June 14, 2013, as amended, by and among Quebecor Media, as borrower, the financial institutions party thereto from time to time, as lenders, and Bank of America, N.A., as administrative agent.**

Our senior secured credit facilities currently provide for a \$300,000,000 revolving credit facility (“Revolving Facility”) that matures on July 15, 2022 and a US\$350,000,000 term credit facility (“Facility B”) which was reduced to zero and cancelled following its repayment in full on July 15, 2019. Our senior secured credit facilities also provide us with the ability to borrow up to an additional amount of \$800,000,000 (minus the equivalent amount in Canadian dollars of Facility B as of August 1, 2013) under an uncommitted incremental facility (or increase to the Revolving Facility or Facility B), subject to absence of default and lenders being willing to fund the incremental amount. We may draw letters of credit under our Revolving Facility. The proceeds of our senior secured credit facilities may be used for our general corporate purposes.

Borrowings under the Revolving Facility bear interest at the Canadian prime rate, the U.S. prime rate, the bankers’ acceptance rate or U.S. London Interbank Offered Rate (“LIBOR”), plus, in each case, an applicable margin. With regard to Canadian prime rate advances and U.S. prime rate advances under the Revolving Facility, the applicable margin is determined by our Leverage Ratio (as defined in our senior secured credit facilities) and ranges from 0.45% when this ratio is less than or equal to 2.25x to 1.75% when this ratio is greater than 4.5x. With regard to bankers’ acceptances and letters of credit under the Revolving Facility, the applicable margin ranges from 1.45% when our Leverage Ratio is less than or equal to 2.25x to 2.75% when this ratio is greater than 4.5x. With regard to LIBOR advances under the Revolving Facility, the applicable margin ranges from 1.45% when our Leverage Ratio is less than or equal to 2.25x to 2.75% when this ratio is greater than 4.5x. Specified commitment fees or drawing fees may also be payable. Borrowings under the Revolving Facility are repayable in full on July 15, 2022.

Borrowings under our senior secured credit facilities and under eligible derivative instruments are secured by a first-ranking hypothec and security agreement (subject to certain permitted encumbrances) on all of our movable property and first-ranking pledges of all of the shares (subject to certain permitted encumbrances) of Videotron.

Our senior secured credit facilities contain customary covenants that restrict and limit our ability to, among other things, enter into merger or amalgamation transactions, grant encumbrances, sell assets, pay dividends or make other distributions, incur indebtedness and enter into related party transactions. In addition, our senior secured credit facilities contain customary financial covenants solely for the benefit of lenders under the Revolving Facility. Our senior secured credit facilities contain customary events of default including the non-payment of principal or interest, the breach of any financial covenant, the failure to perform or observe any other covenant, certain bankruptcy events relating to Quebecor Media and its material subsidiaries (including Videotron), and the occurrence of a change of control.

- (e) **Indenture relating to US\$800,000,000 of Videotron's 5% Senior Notes due July 15, 2022, dated as of March 14, 2012, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On March 14, 2012, Videotron issued US\$800,000,000 aggregate principal amount of its 5% Senior Notes due July 15, 2022, pursuant to an Indenture, dated as of March 14, 2012, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on July 15, 2022. Interest on these senior notes is payable in cash semi-annually in arrears on January 15 and July 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately.

- (f) **Indenture relating to \$400,000,000 of Videotron's 5⁵/₈% Senior Notes due June 15, 2025, dated as of June 17, 2013, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On June 17, 2013, Videotron issued \$400,000,000 aggregate principal amount of its 5⁵/₈% Senior Notes due June 15, 2025, pursuant to an Indenture, dated as of June 17, 2013, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on June 15, 2025. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (g) **Indenture relating to US\$600,000,000 of Videotron's 5³/₈% Senior Notes due June 15, 2024, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On April 9, 2014, Videotron issued US\$600,000,000 aggregate principal amount of its 5³/₈% Senior Notes due June 15, 2024, pursuant to an Indenture, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on June 15, 2024. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to Videotron and certain of

its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (h) **Indenture relating to \$375,000,000 of Videotron's 5¾% Senior Notes due January 15, 2026, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On September 15, 2015, Videotron issued \$375,000,000 aggregate principal amount of its 5¾% Senior Notes due January 15, 2026, pursuant to an Indenture, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2026. Interest on these senior notes is payable in cash semi-annually in arrears on March 15 and September 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (i) **Indenture relating to US\$600,000,000 of Videotron's 5⅓% Senior Notes due April 15, 2027, dated as of April 13, 2017, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On April 13, 2017, Videotron issued US\$600,000,000 aggregate principal amount of its 5⅓% Senior Notes due April 15, 2027, pursuant to an Indenture, dated as of April 13, 2017, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on April 15, 2027. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (j) **Indenture relating to \$800,000,000 of Videotron's 4½% Senior Notes due January 15, 2030, dated as of October 8, 2019, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On October 8, 2019, Videotron issued \$800,000,000 aggregate principal amount of its 4½% Senior Notes due January 15, 2030, pursuant to an Indenture, dated as of October 8, 2019, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2030. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of Videotron's subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture

thereafter. The indenture contains customary restrictive covenants with respect to Videotron and certain of its subsidiaries, and customary events of default. If an event of default occurs and is continuing, other than Videotron's bankruptcy or insolvency, the trustee or the holders of at least 25% in principal amount at maturity of the then-outstanding senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

(k) **Credit Agreement originally dated as of November 28, 2000, by and among Videotron, as borrower, the guarantors party thereto, the financial institutions party thereto from time to time, as lenders, and Royal Bank of Canada, as administrative agent, as amended.**

Videotron's senior credit facilities, as amended and restated as of June 16, 2015 (and as amended thereafter), currently provide for a \$1,500,000,000 secured revolving credit facility that matures on July 20, 2023. The proceeds of the revolving credit facility can be used for general corporate purposes including, without limitation, to issue letters of credit and to pay dividends to Quebecor Media subject to certain conditions.

Advances under Videotron's secured revolving credit facility bear interest at the Canadian prime rate, the U.S. prime rate, the LIBOR or the bankers' acceptance rate plus, in each instance, an applicable margin determined by the Leverage Ratio (as defined in Videotron's credit agreement) of the Relevant Group (as defined in such credit agreement). The applicable margin for Canadian prime rate advances and U.S. prime rate advances ranges from 0.20% when this ratio is less than or equal to 2.25x, to 1.50% when this ratio is greater than 4.5x. The applicable margin for LIBOR advances, bankers' acceptance advances or letters of credit fees ranges from 1.20% when this ratio is less than or equal to 2.25x, to 2.50% when this ratio is greater than 4.5x. Videotron has also agreed to pay specified standby fees in respect of its revolving credit facility.

The revolving credit facility is repayable in full on July 20, 2023.

Borrowings under Videotron's senior credit facilities and under eligible derivative instruments are secured by a first-ranking hypothec or security interest (subject to certain permitted encumbrances) on all current and future assets of Videotron and of the guarantors under the senior credit facilities (which include most, but not all of Videotron's subsidiaries), guarantees by such guarantors, pledges of shares by Videotron and such guarantors and other security.

Videotron's senior credit facilities contain customary covenants that restrict and limit the ability of Videotron and the members of the VL Group (as defined in the credit agreement to mean Videotron and all of its wholly owned subsidiaries) to, among other things, enter into merger or amalgamation transactions or liquidate or dissolve, grant encumbrances, sell assets, pay dividends or make other distributions, issue shares of capital stock, incur indebtedness and enter into related party transactions. In addition, Videotron's senior credit facilities contain customary financial covenants and customary events of default including the non-payment of principal or interest, the breach of any financial covenant, the failure to perform or observe any other covenant, certain bankruptcy events relating to Videotron or any member of the VL Group (other than an Immaterial Subsidiary, as defined in the credit agreement), and the occurrence of a change of control.

(l) **Share Purchase Agreement dated as of May 8, 2018 among Québecor, Québecor Media and CDPQ.**

On May 8, 2018, Quebecor and the Corporation entered into an agreement with CDP Capital to repurchase all of the shares of Quebecor Media still held by CDP Capital for a value of \$1.69 billion. On May 11 and June 22, 2018, the Corporation repurchased for cancellation a total of 16,064,215 of our Common Shares held by CDP Capital for a total aggregate purchase price of \$1.54 billion, paid in cash. All repurchased shares were cancelled. On June 22, 2018, Quebecor purchased 1,564,696 Common Shares of Quebecor Media held by CDP Capital in consideration of the issuance of \$150.0 million aggregate principal amount of convertible debentures of Quebecor. After the completion of these transactions, Quebecor Media became a wholly owned subsidiary of Quebecor.

D- Exchange Controls

There are currently no laws, decrees, regulations or other legislation in Canada that restrict the export or import of capital, or affect the remittance of dividends, interest or other payments to non-resident holders of the Corporation's securities, other than withholding tax requirements. Canada has no system of exchange controls. See "— Taxation — Canadian Material Federal Income Tax Considerations for Residents of the United States" below.

There is no limitation imposed by Canadian law or by the Articles of Incorporation or other charter documents of the Corporation on the right of a non-resident to hold voting shares of the Corporation, other than as provided by the *Investment Canada Act* (Canada), as amended, as amended by the *North American Free Trade Agreement Implementation Act* (Canada), and the *World Trade Organization (WTO) Agreement Implementation Act*. The *Investment Canada Act* (Canada) requires notification and, in certain cases, advance review and approval by the Government of Canada of the acquisition by a "non-Canadian" of "control of a Canadian business", all as defined in the *Investment Canada Act* (Canada). Generally, the threshold for review will be higher in monetary terms for a member of the WTO or NAFTA.

In addition, there are regulations related to the ownership and control of Canadian broadcast undertakings. See "Item 4 — Information on the Corporation — Regulation".

E- Taxation

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences applicable to the purchase, ownership and disposition of our 5³/₄% Senior Notes due 2023 issued on October 11, 2012 (the "2012 US\$ notes") and our 6⁵/₈% Senior Notes due 2023 issued on October 11, 2012 (the "2012 C\$ notes" or "C\$ notes") (and collectively with our 2012 US\$ notes, the "notes") by a U.S. Holder (as defined below), but does not purport to be a complete analysis of all potential U.S. federal income tax effects. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury Regulations promulgated thereunder, Internal Revenue Service ("IRS") rulings and judicial decisions now in effect. All of these are subject to change, possibly with retroactive effect, or different interpretations.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. Holders in light of their specific circumstances (for example, U.S. Holders subject to the alternative minimum tax provisions of the Code or U.S. Holders subject to the 3.8% Medicare tax on net investment income) or to U.S. Holders that may be subject to special rules under U.S. federal income tax law, including:

- dealers in stocks, securities or currencies;
- persons using a mark-to-market accounting method;
- banks and financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organizations;
- persons holding notes as part of a hedging or conversion transaction or a straddle;
- persons deemed to sell notes under the constructive sale provisions of the Code;
- persons who or that are, or may become, subject to the expatriation provisions of the Code;

persons whose functional currency is not the U.S. dollar;

persons required to accelerate the recognition of any item of gross income with respect to any of the notes as a result of such income being recognized on an applicable financial statement;

entities taxes as a partnership or the partners therein; and

direct, indirect or constructive owners of 10% or more, of the voting power or value, of our outstanding shares.

The summary also does not discuss any aspect of state, local or non-U.S., or U.S. federal estate and gift tax law as applicable to U.S. Holders. Moreover, this discussion is limited to U.S. Holders who acquire and hold the notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this summary assumes that the notes are properly characterized as debt that is not contingent debt for U.S. federal income tax purposes.

For purposes of this summary, "**U.S. Holder**" means the beneficial holder of a note who or that for U.S. federal income tax purposes is:

an individual who is a citizen or resident of the United States;

a corporation or other entity treated as a corporation, formed or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, (i) if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more "U.S. persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust, or (ii) if a valid election is in effect to treat the trust as a U.S. person.

We have not sought and will not seek any opinion of U.S. legal counsel or rulings from the IRS with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position will not be sustained.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to the tax consequences of the partnership purchasing, owning and disposing of the notes.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE TAX CONSEQUENCES DESCRIBED BELOW TO THEIR PARTICULAR SITUATIONS AS WELL AS THE APPLICATION OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS.

Interest on the Notes

Interest on the 2012 US\$ notes and 2012 C\$ notes

Payments of stated interest on the 2012 US\$ notes and our 2012 C\$ notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest on the notes will constitute income from sources outside the United States and will be "passive category income", which is treated separately from other income for purposes of computing the foreign tax credit allowable to a U.S. Holder under the U.S. federal income tax laws. Due to the complexity of the foreign tax credit rules, U.S. Holders should consult their own tax advisors with respect to the amount of foreign taxes that may be claimed as a credit.

In certain circumstances we may be obligated to pay amounts in excess of stated interest or principal on the notes or may make payments or redeem the notes in advance of their expected maturity. According to U.S. Treasury regulations, the possibility that any such payments or redemptions will be made will not affect the amount of interest income a U.S. Holder recognizes if there is only a remote chance as of the date the notes were issued that such payments will be made, or if such payments are incidental. We believe the likelihood that we will make any such payments is remote and/or that such payment will be incidental. Therefore, we do not intend to treat the potential payments or redemptions pursuant to the provisions related to changes in Canadian laws or regulations applicable to tax-related withholdings or deductions, any registration rights provisions, or the other redemption and repurchase provisions as part of the yield to maturity of the notes or as affecting the tax treatment of the notes. Our determination that these contingencies are remote and/or incidental is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on its notes in excess of stated interest and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a note before the resolution of the contingencies. In the event a contingency occurs, it would affect the amount and timing of the income recognized by a U.S. Holder. If we pay additional amounts on the notes, U.S. Holders will be required to recognize such amounts as income.

Our 2012 C\$ notes are denominated in Canadian dollars. Interest on these notes will be included in a U.S. Holder's gross income in an amount equal to the U.S. dollar value of the Canadian dollar amount, regardless of whether the Canadian dollars are converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the Canadian dollars received.

Generally, a U.S. Holder of C\$ notes that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. Holder's taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received differs from the rate applicable to an accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the Canadian dollar interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above). This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense.

Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Market Discount and Bond Premium

Market Discount

If a U.S. Holder purchases notes for an amount less than the sum of all amounts (other than qualified stated interest) payable with respect to the notes after the date of acquisition, the difference is treated as market discount. Subject to a *de minimis* exception, gain realized on the maturity, sale, exchange or retirement of a market discount note will be treated as ordinary income to the extent of any accrued market discount not previously recognized (including, in the case of a note exchanged for a registered note pursuant to a registration offer, any market discount accrued on the related outstanding note). A U.S. Holder may elect to include market discount in income currently as it accrues, on either a ratable or constant yield method. In that case, such U.S. Holder's tax basis in the notes will increase by such income inclusions. An election to include market discount in income currently, once made, will apply to all market discount obligations acquired by the U.S. Holder during the taxable year of the election and thereafter, and may not be revoked.

without the consent of the IRS. If a U.S. Holder does not make such an election, in general, all or a portion of such U.S. Holder's interest expense on any indebtedness incurred or continued in order to purchase or carry notes may be deferred until the maturity of the notes, or certain earlier dispositions. Unless a U.S. Holder elects to accrue market discount under a constant yield method, any market discount will accrue ratably during the period from the date of acquisition of the related outstanding note to its maturity date.

In the case of C\$ note, market discount is accrued in Canadian dollars, and the amount includable in income by a U.S. Holder upon a sale of a C\$ note in respect of accrued market discount will be the U.S. dollar value of the amount accrued. Such U.S. dollar value is generally calculated at the spot rate of exchange on the date the C\$ note is sold. Any market discount on a C\$ note that is currently includable in income under the election noted above will be translated into U.S. dollars at the average exchange rate for the accrual period or portion of such accrual period within the U.S. Holder's taxable year. In such case, a U.S. Holder generally will recognize foreign currency gain or loss with respect to accrued market discount under the rules similar to those that apply to accrued interest on a note received by an accrual basis U.S. Holder, as described above.

Bond Premium

If a U.S. Holder purchases notes for an amount greater than the sum of all amounts (other than qualified stated interest) payable with respect to the notes after the date of acquisition, the U.S. Holder is treated as having purchased the related notes with amortizable bond premium. A U.S. Holder generally may elect to amortize the premium from the purchase date to the maturity date of the notes under a constant yield method. Amortizable premium generally may be deducted against interest income on such notes and generally may not be deducted against other income. A U.S. Holder's basis in a note will be reduced by any premium amortization deductions. An election to amortize premium on a constant yield method, once made, generally applies to all debt obligations held or subsequently acquired by such U.S. Holder during the taxable year of the election and thereafter, and may not be revoked without IRS consent. For a U.S. Holder that did not elect to amortize bond premium, the amount of such premium will be included in such U.S. Holder's tax basis upon the sale of a note. In the case of a C\$ note, premium is computed in Canadian dollars. At the time amortized bond premium offsets interest income, foreign currency gain or loss (taxable as ordinary income or loss) will be realized on such amortized bond premium based on the difference between the spot rate of exchange on the date or dates such premium is recovered through interest payments on the C\$ note and the spot rate of exchange on the date on which the U.S. Holder acquired the C\$ note. For a U.S. Holder that did not elect to amortize bond premium, the amount of such premium will be included in such U.S. Holder's tax basis upon the sale of the note.

The market discount and bond premium rules are complicated, and U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of owning and disposing of notes with market discount, or bond premium, including the availability of certain elections.

Sale, Exchange or Retirement of a Note

A U.S. Holder generally will recognize gain or loss upon the sale, exchange (other than in a tax-free transaction), redemption, retirement or other taxable disposition of a note, equal to the difference, if any, between:

the amount realized (or the U.S. dollar value thereof if received in a foreign currency) less any portion allocable to the payment of accrued interest not previously included in income, which amount will be taxable as ordinary interest income; and

the U.S. Holder's adjusted tax basis in the note.

Except with respect to gains or losses attributable to changes in exchange rates, as described below, gain or loss so recognized generally will be capital gain or loss (except as described under "— Market Discount, and Bond Premium" above) and generally will be long-term capital gain or loss if the note has been held or deemed held for more than one year at the time of the disposition. Long-term capital gains of noncorporate U.S. Holders, including individuals, may be taxed at lower rates than items of ordinary income. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any capital gain or loss recognized by a U.S. Holder on the sale or other disposition of a note generally will be treated as income from sources within the United States or loss allocable to income from sources within the United States. U.S. Holders should consult their own tax advisors regarding the source of gain attributable to market discount.

A U.S. Holder's adjusted tax basis in a note will generally equal the U.S. Holder's U.S. dollar cost therefor, increased by the amount of market discount, if any, previously included in income in respect of the note and decreased (but not below zero) by the amount of principal payments received by such U.S. Holder in respect of the notes, any amount treated as a return of pre-issuance accrued interest, and the amount of amortized bond premium, if any, previously taken into account with respect to the note. If a U.S. Holder purchases a C\$ note with Canadian dollars, the U.S. dollar cost of the C\$ note will generally be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a C\$ note will generally be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the C\$ note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) will determine the U.S. dollar value of the cost of or amount received on the C\$ note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of C\$ notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss recognized by a U.S. Holder on the sale, exchange or retirement of a C\$ note that is attributable to changes in the rate of exchange between the U.S. dollar and foreign currency generally will be treated as U.S. source ordinary income or loss. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder's Canadian dollar purchase price for the C\$ note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other disposition and (ii) the U.S. dollar value of the U.S. Holder's Canadian dollar purchase price for the C\$ note calculated at the spot rate of exchange on the date of purchase of the C\$ note. If the C\$ note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder's Canadian dollar purchase price for the C\$ note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder's Canadian dollar purchase price for the C\$ note calculated at the spot rate of exchange on the settlement date of the purchase of the C\$ note. Such foreign currency gain or loss is recognized on the sale or retirement of such note only to the extent of total gain or loss recognized on the sale or retirement of such note. Prospective investors should consult their own tax advisors regarding certain foreign currency translation elections that may be available with respect to a sale, exchange, or redemption of the C\$ notes.

Transactions in Foreign Currency

Foreign currency received as a payment of interest on, or on the sale or retirement of, a C\$ note will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time the note is disposed of or payment is received in consideration of such sale or retirement (as applicable and as discussed in detail above). The amount of gain or loss recognized on a subsequent sale or other disposition of such foreign currency will be equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of the other currency or property received in such sale or other disposition, and (ii) the tax basis of the recipient in such foreign currency. A U.S. Holder who acquires such note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the note on the date of acquisition. Such gain or loss generally will be treated as income or loss from sources within the United States for foreign tax credit limitation purposes.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the C\$ note as a reportable transaction if this loss exceeds the relevant threshold in the U.S. Treasury Regulations. For individuals and trusts, this loss threshold is US\$50,000 in any single year. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the C\$ notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other disposition of the C\$ notes.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to payments of principal and interest on a note and to the proceeds of the sale or other disposition of a note made to U.S. Holders other than certain exempt recipients (such as corporations). A U.S. Holder of the notes may be subject to “backup withholding” with respect to certain “reportable payments”, including interest payments and, under certain circumstances, principal payments on the notes or upon the receipt of proceeds upon the sale or other disposition of such notes. These backup withholding rules apply if the U.S. Holder, among other things:

fails to furnish a social security number or other taxpayer identification number (“TIN”) certified under penalty of perjury within a reasonable time after the request for the TIN;

furnishes an incorrect TIN;

is notified by the IRS that it has failed to report properly interest or dividends; or

under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN furnished is the correct number and that such holder is not subject to backup withholding.

A U.S. Holder can generally avoid the application of the backup withholding rules by properly completing and submitting the IRS Form W-9 included with the Letter of Transmittal. A U.S. Holder that does not provide us with its correct TIN also may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is creditable against the U.S. Holder’s U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, *provided* that the required information is properly and timely furnished to the IRS. Backup withholding will not apply, however, with respect to payments made to certain exempt U.S. Holders, including corporations and tax-exempt organizations, *provided* their exemptions from backup withholding are properly established.

In addition, U.S. Holders that hold specified foreign financial assets (including stock and securities of a foreign issuer) with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are required to report their holdings, along with other information, on their U.S. federal income tax returns, with certain exceptions. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. If you fail to report the required information, you could be subject to substantial penalties. U.S. Holders should consult their own tax advisors to determine the scope of these disclosure responsibilities.

Certain Canadian Material Federal Income Tax Considerations for Residents of the United States

The following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder who acquires, as beneficial owner, the Senior Notes, including entitlement to all payments thereunder, pursuant to this offering and who, at all relevant times and for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, (i) is not, and is not deemed to be, resident in Canada (including as a consequence of the Canada-United States Income Tax Convention (1980), as amended), (ii) deals at arm’s length with Quebecor Media and with any transferee resident or deemed resident in Canada to whom the holder disposes of Senior Notes, (iii) does not use or hold and is not deemed to use or hold the Senior Notes in or in the course of carrying on business in Canada, (iv) does not receive any payment of interest (including any amounts deemed to be interest) on the Senior Notes in respect of a debt or other obligation to pay an amount to a person with whom Quebecor Media does not deal at arm’s length, (v) is not an “authorized foreign bank”, as defined in the Tax Act, (vi) is not a “registered non-resident insurer”, as defined in the Tax Act, (vii) is not an insurer carrying on an insurance business in Canada and elsewhere, and (viii) is not a, and deals at arm’s length with any, “specified shareholder” of Quebecor Media for purposes of the thin capitalization rules in the Tax Act (a “**Non-Resident Holder**”). A “specified shareholder” for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm’s length for the purposes of the Tax Act) owns or has the right to acquire or control or is otherwise deemed to own 25% or more of Quebecor Media’s shares determined on a votes or fair market value basis.

This summary is based on the current provisions of the Tax Act and the regulations thereunder and the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or any administrative or assessing practice, whether by judicial, governmental, regulatory or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax considerations which may differ from the Canadian federal income tax considerations described herein.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT EXHAUSTIVE OF ALL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A PARTICULAR HOLDER. THIS SUMMARY IS NOT INTENDED TO BE, AND SHOULD NOT BE INTERPRETED AS, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER, AND NO REPRESENTATION WITH RESPECT TO THE INCOME TAX CONSEQUENCES TO ANY PARTICULAR HOLDER IS MADE. ACCORDINGLY, YOU SHOULD CONSULT YOUR OWN TAX ADVISORS WITH RESPECT TO YOUR PARTICULAR CIRCUMSTANCES.

No Canadian withholding tax will apply to interest (including any amounts deemed to be interest), principal or premium paid or credited by Quebecor Media on the Senior Notes to a Non-Resident Holder, or to the proceeds received by a Non-Resident Holder on a disposition of a Senior Note, including a redemption, payment on maturity, repurchase or purchase for cancellation.

No other taxes on income or gains will be payable under the Tax Act by a Non-Resident Holder on interest (including any amounts deemed to be interest), principal or premium or on the proceeds received by such Non-Resident Holder on the disposition of a Senior Note, including a redemption, payment on maturity, repurchase or purchase for cancellation.

F- Dividends and Paying Agents

Not applicable.

G- Statement By Experts

Not applicable.

H- Documents on Display

You may read and copy documents referred to in this annual report that have been filed with the SEC at the Public Reference Room at the SEC’s Headquarters, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, or obtain copies of this information by mail from the Public Reference Room at prescribed rates. You may call the SEC at 1-800-SEC-0330 for further information on the SEC’s Public Reference Room. The SEC also maintains an Internet website that contains reports and other information that we have furnished electronically with the SEC. The URL of that website is <http://www.sec.gov>. Any documents referred to in this annual report may also be inspected without charge at our offices at 612 St. Jacques Street, Montréal, Québec, Canada, H3C 4M8.

I- Subsidiary Information

Not applicable.

ITEM 11 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use certain financial instruments, such as interest rate swaps, cross-currency swaps and foreign exchange forward contracts, to manage interest rate and foreign exchange risk exposures. These instruments are used solely to manage the financial risks associated with our obligations and are not used for trading or speculation purposes.

[Table of Contents](#)

Foreign Currency Risk and Interest Rate Risk

Most of the Corporation's consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways, mobile devices and certain capital expenditures, are received or denominated in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.—dollar-denominated debt obligations outstanding as of December 31, 2019, and to hedge its exposure on certain purchases of set-top boxes, gateways, mobile devices and capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate, and (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2019, after taking into account the hedging instruments, long-term debt was comprised of 94.0% fixed-rate debt (76.2% in 2018) and 6.0% floating-rate debt (23.8% in 2018).

The estimated sensitivity on interest payments, of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2019 was \$3.2 million.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2019, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2019, the provision for expected credit losses represented 2.5% of the gross amount of accounts receivable and contract assets (2.7% as of December 31, 2018), while 7.2% of trade receivables were 90 days past their billing date (11.7% as of December 31, 2018).

The Corporation believes that its product lines and the diversity of its customer base are instrumental in reducing its credit risk, as well as the impact of fluctuations in product-line demand. The Corporation does not believe that it is exposed to an unusual level of customer credit risk.

As a result of its use of derivative financial instruments, the Corporation is exposed to the risk of non-performance by a third party. When the Corporation enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with the Corporation's risk-management policy and are subject to concentration limits. These credit ratings and concentration limits are monitored on an ongoing basis, but at least quarterly.

Fair Value of Financial Instruments

See "Item 5 — Operating and Financial Review and Prospects — Additional Information — Financial Instruments and Financial Risk Management — Fair Value of Financial Instruments" in this annual report.

Material Limitations

Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

[Table of Contents](#)

Principal Repayments

As of December 31, 2019, the aggregate amount of minimum principal payments on long-term debt required in each of the next five years and thereafter, based on borrowing levels as at that date, are as follows:

Twelve month period ending December 31,

(in millions)

2020	44.9
2021	0.0
2022	1,048.2
2023	1,701.0
2024	779.4
2025 and thereafter	<u>2,354.4</u>
Total	\$ 5,927.9

ITEM 12 — DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

[Table of Contents](#)

PART II

ITEM 13 — DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

- A - None.
- B - Not applicable.

ITEM 14 — MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

- A - Material Modifications to the Rights of Security Holders

There have been no material modifications to the rights of security holders.

- B - Use of Proceeds

Not applicable.

ITEM 15 — CONTROLS AND PROCEDURES

As at the end of the period covered by this report, Quebecor Media’s President and Chief Executive Officer and Quebecor Media’s Chief Financial Officer, together with members of Quebecor Media’s senior management, have carried out an evaluation of the effectiveness of our disclosure controls and procedures. These are defined (in Rule 13a-15(e) or 15d-15(e) under the *Securities Exchange Act* of 1934, as amended (the “**Exchange Act**”)) as controls and procedures designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within specified time periods. As of the date of the evaluation, Quebecor Media’s President and Chief Executive Officer and Quebecor Media’s Chief Financial Officer concluded that Quebecor Media’s disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Corporation files or submits under the Exchange Act is accumulated and communicated to management, including the Corporation’s principal executive and principal financial officer, to allow timely decisions regarding disclosure.

Quebecor Media’s management is responsible for establishing and maintaining adequate internal control over financial reporting of the Corporation (as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Quebecor Media’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Quebecor Media’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Quebecor Media’s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS, and that receipts and expenditures of Quebecor Media are being made only in accordance with authorizations of management and directors of Quebecor Media; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Quebecor Media’s assets that could have a material effect on the consolidated financial statements. Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Quebecor Media’s management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). Based on this evaluation, management concluded that Quebecor Media’s internal control over financial reporting was effective as of December 31, 2019.

Pursuant to the *Dodd—Frank Wall Street Reform and Consumer Protection Act of 2010* and related SEC rules, Quebecor Media is not required to include in its annual report an attestation report of Quebecor Media’s independent registered public accounting firm regarding our internal control over financial reporting. Our management’s report regarding the effectiveness of our internal control over financial reporting was therefore not subject to attestation procedures by our independent registered public accounting firm.

Table of Contents

There have been no changes in Quebecor Media's internal control over financial reporting (as defined in Rule 13a-15 or 15d-15 under the Exchange Act) that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, Quebecor Media's internal control over financial reporting.

ITEM 16 — [RESERVED]

ITEM 16A — AUDIT COMMITTEE FINANCIAL EXPERT

Our Audit Committee has been structured to comply with the requirements of Canadian National Instrument 52- 110 - Audit Committee ("NI 52-110"). Our Board of Directors has determined that more than one "audit committee financial expert" (as defined in Item 16A of Form 20-F) are serving on our Audit Committee and that all members of the Audit Committee are "independent" directors, as defined under SEC rules.

ITEM 16B — CODE OF ETHICS

We have a Code of Ethics that applies to all directors, officers and employees of Quebecor Media, including our Chief Executive Officer, Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is included as an exhibit to this annual report on Form 20-F.

ITEM 16C — PRINCIPAL ACCOUNTANT FEES AND SERVICES

Ernst & Young LLP has served as our independent registered public accounting firm for the fiscal years ended December 31, 2019, 2018 and 2017. The audited consolidated financial statements for each of the fiscal years in the three-year period ended December 31, 2019 are included in this annual report on Form 20-F.

Our Audit Committee establishes the independent auditors' compensation. The Audit Committee adopted a policy relating to the pre-approval of services to be rendered by its independent auditors. The Audit Committee pre-approves all audit services, determines which non-audit services the independent auditors are prohibited from providing, and authorizes permitted non-audit services to be performed by the independent auditors to the extent those services are permitted by the Sarbanes-Oxley Act and Canadian law. For each of the years ended December 31, 2019, 2018 and 2017, none of the non-audit services described below were approved by the Audit Committee of our Board of Directors pursuant to the "de minimis exception" to the pre-approval requirement for non-audit services. The following table presents the aggregate fees billed for professional services and other services rendered by our independent auditor, Ernst & Young LLP, for the fiscal years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Audit Fees ⁽¹⁾	\$ 2,349,459	\$ 2,316,815	\$ 2,557,984
Audit related Fees ⁽²⁾	127,767	59,438	20,000
Tax Fees ⁽³⁾	80,366	260,027	16,989
All Other Fees ⁽⁴⁾	—	3,500	—
Total	\$ 2,557,592	\$ 2,639,780	\$ 2,594,973

- (1) Audit Fees consist of fees approved for the annual audit of the Corporation's consolidated financial statements and quarterly reviews of interim financial statements of the Corporation with the SEC, including required assistance or services that only the external auditor reasonably can provide and accounting consultations on specific issues and translation. It also includes audit and attestation services required by statute or regulation, such as comfort letters and consents, SEC prospectus and registration statements, other filings and other offerings, including annual reports and SEC forms and statutory audits.
- (2) Audit related Fees consist of fees billed for assurance and related services that are traditionally performed by the external auditor, and include consultations concerning financial accounting and reporting standards on proposed transactions, due diligence or accounting work related to acquisitions; employee benefit plan audits, and audit or attestation services not required by statute or regulation.
- (3) Tax Fees include fees billed for tax compliance services, including the preparation of original and amended tax returns and claims for refunds, tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers, acquisitions and divestitures, transfer pricing, and requests for advance tax rulings or technical interpretations.
- (4) All Other Fees include fees billed for forensic accounting and occasional training services, assistance with respect to internal controls over financial reporting and disclosure controls and procedures.

ITEM 16D — EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

[Table of Contents](#)

ITEM 16E — PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F — CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G — CORPORATE GOVERNANCE

Not applicable.

Table of Contents

PART III

ITEM 17 — FINANCIAL STATEMENTS

Not applicable.

ITEM 18 — FINANCIAL STATEMENTS

Our consolidated balance sheets as at December 31, 2019 and 2018 and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the years in the three-year period ended December 31, 2019, including the notes thereto and together with the report of the Independent Registered Public Accounting Firm, are included beginning on page F-1 of this annual report.

ITEM 19 — EXHIBITS

EXHIBITS

The following documents are filed as exhibits to this annual report on Form 20-F:

Exhibit Number	Description
1.1	<u>Certificate and Articles of Incorporation of Quebecor Media as of January 17, 2013 (incorporated by reference to Exhibit 1.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on March 21, 2013, Commission file No. 333-13792).</u>
1.2	<u>By-laws of Quebecor Media (translation) (incorporated by reference to Exhibit 1.3 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 22, 2012, Commission file No. 333-13792).</u>
1.3	<u>By-law number 2004-1 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.7 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2004, filed on March 31, 2005, Commission file No. 333-13792).</u>
1.4	<u>By-law number 2004-2 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.8 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2004, filed on March 31, 2005, Commission file No. 333-13792).</u>
1.5	<u>By-law number 2005-1 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.10 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2005, filed on March 29, 2006, Commission file No. 333-13792).</u>
1.6	<u>By-law number 2007-1 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.12 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2006, filed on March 30, 2007, Commission file No. 333-13792).</u>
1.7	<u>By-law number 2007-2 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.14 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2007, filed on March 27, 2008, Commission file No. 333-13792).</u>
1.8	<u>By-law number 2008-1 of Quebecor Media (translation) (incorporated by reference to Exhibit 1.15 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 12, 2009, Commission file No. 333-13792).</u>
2.1	<u>Form of 7^{3/8}% Senior Notes due January 15, 2021 of Quebecor Media (incorporated by reference to Exhibit A to Exhibit 2.6 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 333-13792).</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
2.2	<u>Indenture relating to Quebecor Media's 7³/₈% Senior Notes due January 15, 2021, dated as of January 5, 2011, by and between Quebecor Media and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 2.6 of Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 333-13792).</u>
2.3	<u>Form of 6⁵/₈% Senior Notes due January 15, 2023 of Quebecor Media (incorporated by reference to Exhibit A to Exhibit 2.8 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on March 21, 2013, Commission file No. 333-13792).</u>
2.4	<u>Indenture, relating to Quebecor Media's 6⁵/₈% Senior Notes due January 15, 2023, dated as of October 11, 2012, by and between Quebecor Media, and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 2.8 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on March 21, 2013, Commission file No. 333-13792).</u>
2.5	<u>Form of 5³/₄% Senior Notes due January 15, 2023 of Quebecor Media (incorporated by reference to Exhibit A to Exhibit 2.10 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on March 21, 2013, Commission file No. 333-13792).</u>
2.6	<u>Indenture, relating to Quebecor Media's 5³/₄% Senior Notes due January 15, 2023, dated as of October 11, 2012, by and between Quebecor Media, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 2.10 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on March 21, 2013, Commission file No. 333-13792).</u>
2.7	<u>Supplemental Indenture, dated as of March 14, 2014, by and among Quebecor Media, and U.S. Bank National Association, as trustee, to the Indenture dated as of October 11, 2012 (incorporated by reference to Exhibit 2.8 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 333-13792).</u>
2.8	<u>Form of 5% Senior Notes due July 15, 2022 of Videotron (incorporated by reference to Exhibit A to Exhibit 2.47 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
2.9	<u>Form of Notation of Guarantee by the subsidiary guarantors of the 5% Senior Notes due July 15, 2022 of Videotron Ltd. (incorporated by reference to Exhibit E to Exhibit 2.47 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
2.10	<u>Indenture, dated as of March 14, 2012, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 2.47 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
2.11	<u>Supplemental Indenture, dated as of March 12, 2015, by and among Videotron, 4Degrees Colocation Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 (incorporated by reference to Exhibit 2.9 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.12	<u>Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 (incorporated by reference to Exhibit 2.10 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>

Table of Contents

- 2.13 [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.12 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- 2.14 [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.7 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- 2.15 [Form of 5^{5/8}% Senior Notes due June 15, 2025 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.40 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- 2.16 [Form of Notation of Guarantee of the subsidiary guarantors of the 5^{5/8}% Senior Notes due June 15, 2025 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.40 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- 2.17 [Indenture, dated as of June 17, 2013, by and among Videotron Ltd., the subsidiary guarantors party thereto, and Computershare Trust Company of Canada, as trustee \(incorporated by reference to Exhibit 2.40 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- 2.18 [Supplemental Indenture, dated as of March 12, 2015, by and among Videotron, 4Degrees Colocation Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.14 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- 2.19 [Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.5 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- 2.20 [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.6 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- 2.21 [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.14 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- 2.22 [Form of 5^{3/8}% Senior Notes due June 15, 2024 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.32 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000\).](#)

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
2.23	<u>Form of Notation of Guarantee of the subsidiary guarantors of the 5^{3/8}% Senior Notes due June 15, 2024 of Videotron Ltd. (incorporated by reference to Exhibit E to Exhibit 2.32 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000).</u>
2.24	<u>Indenture, dated as of April 9, 2014, by and among Videotron Ltd., the subsidiary guarantors party thereto, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 2.32 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000).</u>
2.25	<u>Supplemental Indenture, dated as of March 12, 2015, by and among Videotron, 4Degrees Colocation Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 (incorporated by reference to Exhibit 2.19 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.26	<u>Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 (incorporated by reference to Exhibit 2.20 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.27	<u>Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 (incorporated by reference to Exhibit 2.24 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000).</u>
2.28	<u>Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 (incorporated by reference to Exhibit 2.21 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000).</u>
2.29	<u>Form of 5^{3/4}% Senior Notes due January 15, 2026 of Videotron Ltd. (incorporated by reference to Exhibit A to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.30	<u>Form of Notation of Guarantee by the subsidiary guarantors of the 5^{3/4}% Senior Notes due January 15, 2026 of Videotron Ltd. (incorporated by reference to Exhibit E to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.31	<u>Indenture, dated as of September 15, 2015, by and among Videotron Ltd., the subsidiary guarantors party thereto, and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).</u>
2.32	<u>Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 (incorporated by reference to Exhibit 2.19 above).</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
2.33	<u>Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 (incorporated by reference to Exhibit 2.20 above).</u>
2.34	<u>Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 (incorporated by reference to Exhibit 2.21 above).</u>
2.35	<u>Form of 5¹/₈% Senior Notes due April 15, 2027 of Videotron Ltd. (incorporated by reference to Exhibit A to Exhibit 2.37 below).</u>
2.36	<u>Form of Notation of Guarantee of the subsidiary guarantors of the 5¹/₈% Senior Notes due April 15, 2027 of Videotron Ltd. (incorporated by reference to Exhibit E to Exhibit 2.37 below).</u>
2.37	<u>Indenture, dated as of April 13, 2017, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 2.39 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 333-13792).</u>
2.38	<u>Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 13, 2017 (incorporated by reference to Exhibit 2.31 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000).</u>
2.39	<u>Form of 4¹/₂% Senior Notes due January 15, 2030 of Videotron Ltd. (incorporated by reference to Exhibit A to Exhibit 2.41 below).</u>
2.40	<u>Form of Notation of Guarantee of the subsidiary guarantors of the 4¹/₂% Senior Notes due January 15, 2030 of Videotron Ltd. (incorporated by reference to Exhibit A to Exhibit 2.41 below).</u>
2.41	<u>Indenture, dated as of October 8, 2019, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Computershare Trust Company of Canada, as trustee.</u>
2.42	<u>Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 (incorporated by reference to Exhibit 2.21 above).</u>
3.1	<u>Written resolution adopted by the Shareholders of Quebecor Media on February 15, 2017 relating to the increase in the size of the Board of Directors of Quebecor Media (translation) (incorporated by reference to Exhibit 3.3 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 333-13792).</u>
4.1	<u>Share Purchase Agreement dated as of May 8, 2018 among Québecor, Québecor Media and CDPQ (incorporated by reference to Exhibit 4.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 333-13792).</u>
4.2	<u>Fourth Amendment to the Amended and Restated Credit Agreement, dated as of February 15, 2019, amending the Amended and Restated Credit Agreement, dated as of June 14, 2013, by and among Quebecor Media, as Borrower, the financial institutions party thereto from time to time, as Lenders, and Bank of America, N.A., as Administrative Agent, as amended (incorporated by reference to Exhibit 4.2 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 333-13792).</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
4.3	<u>Third Amendment to the Amended and Restated Credit Agreement</u> , dated as of May 9, 2017, amending the <u>Amended and Restated Credit Agreement</u> , dated as of June 14, 2013, by and among Quebecor Media, as Borrower, the financial institutions party thereto from time to time, as Lenders, and Bank of America, N.A., as Administrative Agent, as amended. (incorporated by reference to Exhibit 4.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 333-13792).
4.4	<u>Second Amendment to the Amended and Restated Credit Agreement</u> , dated as of June 24, 2016, amending the <u>Amended and Restated Credit Agreement</u> , dated as of June 14, 2013, by and among Quebecor Media, as Borrower, the financial institutions party thereto from time to time, as Lenders, and Bank of America, N.A., as Administrative Agent, as amended. (incorporated by reference to Exhibit 4.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 23, 2017, Commission file No. 333-13792).
4.5	<u>First Amendment to the Amended and Restated Credit Agreement</u> , dated as of August 1, 2013, amending the <u>Amended and Restated Credit Agreement</u> , dated as of June 14, 2013, by and among Quebecor Media, as Borrower, the financial institutions party thereto from time to time, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 333-13792).
4.6	<u>Amended and Restated Credit Agreement</u> , dated as of June 14, 2013, by and among Quebecor Media, as Borrower, the financial institutions party thereto from time to time, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 4.2 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 333-13792).
4.7	<u>First Amending Agreement</u> , dated as of June 14, 2013, amending the <u>Amended and Restated Credit Agreement</u> , dated as of July 20, 2011, by and among Videotron, Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by Le SuperClub Videotron, Videotron Infrastructures Inc., Videotron US Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., Videotron G.P., Videotron L.P. and 8487782 Canada Inc. as guarantors (incorporated by reference to Exhibit 4.3 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 333-13792).
4.8	<u>Second Amending Agreement</u> , dated as of January 28, 2015, amending the <u>Amended and Restated Credit Agreement</u> , dated as of July 20, 2011, as amended, by and among Videotron, Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 8487782 Canada Inc., Videotron G.P., Videotron L.P. and Videotron Infrastructures Inc., as guarantors (incorporated by reference to Exhibit 4.3 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).
4.9	<u>Third Amending Agreement</u> , dated as of June 16, 2015, amending the <u>Amended and Restated Credit Agreement</u> , dated as of July 20, 2011, as amended, by and among Videotron, Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 8487782 Canada Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc. and 4Degrees Colocation Inc., as guarantors (incorporated by reference to Exhibit 4.4 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000).

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
4.10	<u>First Amending Agreement to the Amended and Restated Credit Agreement (made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.8), dated as of June 24, 2016, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 9176-6857 Québec Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors. (incorporated by reference to Exhibit 4.7 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 23, 2017, Commission file No. 333-13792).</u>
4.11	<u>Second Amending Agreement to the Amended and Restated Credit Agreement (made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.8), dated as of January 3, 2018, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 9176-6857 Québec Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors. (incorporated by reference to Exhibit 4.6 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 033-51000).</u>
4.12	<u>Third Amending Agreement to the Amended and Restated Credit Agreement (made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.8), dated as of November 26, 2018, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 9176-6857 Québec Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors. (incorporated by reference to Exhibit 4.12 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 333-13792).</u>
4.13	<u>Amended and Restated Credit Agreement, dated as of July 20, 2011, by and among Videotron, Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by Le SuperClub Videotron, Videotron Infrastructures Inc., Jobboom Inc., Videotron US Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., Videotron G.P., and Videotron L.P., as guarantors (incorporated by reference to Exhibit 4.1 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
4.14	<u>Form of Guarantee of the Guarantors of the Credit Agreement (incorporated by reference to Schedule D of Exhibit 4.1 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
4.15	<u>Form of Share Pledge of the shares of Videotron Ltd. and the Guarantors of the Credit Agreement (incorporated by reference to Schedule E of Exhibit 4.1 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000).</u>
7.1	<u>Statement regarding calculation of ratio of earnings to fixed charges.</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
8.1	<u>Subsidiaries of Quebecor Media.</u>
11.1	<u>Code of Ethics (incorporated by reference to Exhibit 11.1 to Quebecor Media's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 333-13792).</u>
12.1	<u>Certification of Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor Media, pursuant to 15 U.S.C. Section 78(m)(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
12.2	<u>Certification of Hugues Simard, Chief Financial Officer of Quebecor Media, pursuant to 15 U.S.C. Section 78(m)(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
13.1	<u>Certification of Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor Media, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
13.2	<u>Certification of Hugues Simard, Chief Financial Officer of Quebecor Media, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	Interactive Data Files.

[Table of Contents](#)

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

QUEBECOR MEDIA INC.

By: /s/ Hugues Simard

Name: Hugues Simard

Title: Chief Financial Officer

March 25, 2020

Table of Contents

**QUEBECOR MEDIA INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Years ended December 31, 2019, 2018 and 2017

Report of Independent Registered Public Accounting Firm

Consolidated financial statements

<u>Consolidated statements of income</u>	F-3
<u>Consolidated statements of comprehensive income</u>	F-4
<u>Consolidated statements of equity</u>	F-5
<u>Consolidated statements of cash flows</u>	F-6
<u>Consolidated balance sheets</u>	F-8
<u>Segmented information</u>	F-10
<u>Notes to consolidated financial statements</u>	F-14

F-1

[Table of Contents](#)

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Quebecor Media Inc.

Opinion on the consolidated financial statements

We have audited the accompanying consolidated balance sheets of Quebecor Media Inc. (the “Corporation”) as of December 31, 2019, 2018 and 2017, the related consolidated statements of income, comprehensive income, and cash flows, for each of the years in the three-year period ended December 31, 2019, the consolidated statements of equity as of December 31, 2019 and 2018 and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2019, 2018 and 2017, the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Adoption of IFRS 16

As discussed in Note 1 to the consolidated financial statements, January 1, 2019, the Corporation adopted, on a fully retrospective basis, IFRS 16, *Leases*. The impacts of the retroactive adoption on the comparatives consolidated financial figures are disclosed in the Note 1.

Basis for Opinion

These consolidated financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on the Corporation’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Corporation in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Corporation’s auditor since 2008,

1

Ernst & Young LLP

Montréal, Canada
March 11, 2020

¹ CPA auditor, CA, public accountancy permit no. A120803

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	Note	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Revenues	2	\$ 4,293.8	\$ 4,181.0	\$ 4,125.1
Employee costs	3	698.2	696.6	706.2
Purchase of goods and services	3	1,712.7	1,703.0	1,753.1
Depreciation and amortization		751.2	753.3	739.9
Financial expenses	4	282.9	291.5	294.3
Loss on valuation and translation of financial instruments		0.8	0.9	2.4
Restructuring of operations, litigation and other items	5	28.6	29.1	17.5
Gain on sale of spectrum licences	6	—	—	(330.9)
Impairment of goodwill and intangible assets	7	—	—	43.8
Loss on debt refinancing	8	—	—	15.6
Income before income taxes		819.4	706.6	883.2
Income taxes:	9			
Current		107.0	154.9	8.8
Deferred		108.5	12.6	132.2
		215.5	167.5	141.0
Income from continuing operations		603.9	539.1	742.2
Income from discontinued operations	32	97.5	3.8	18.2
Net income		\$ 701.4	\$ 542.9	\$ 760.4
Income from continuing operations attributable to				
Shareholders		\$ 598.4	\$ 536.5	\$ 747.1
Non-controlling interests		5.5	2.6	(4.9)
Net income attributable to				
Shareholders		\$ 695.9	\$ 540.3	\$ 765.3
Non-controlling interests		5.5	2.6	(4.9)

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	Note	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Income from continuing operations		\$ 603.9	\$ 539.1	\$ 742.2
Other comprehensive income (loss) from continuing operations:				
Items that may be reclassified to income:				
Cash flows hedges:				
Gain (loss) on valuation of derivative financial instruments	31	73.8	(10.1)	43.7
Deferred income taxes		(2.8)	(5.7)	28.0
Items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement loss	31	(69.0)	(6.8)	(3.2)
Deferred income taxes		18.4	1.9	0.9
Reclassification to income:				
Gain related to cash flow hedges		(1.1)	—	—
Deferred income taxes		0.7	—	—
		20.0	(20.7)	69.4
Comprehensive income from continuing operations		623.9	518.4	811.6
Income from discontinued operations	32	97.5	3.8	18.2
Comprehensive income		\$ 721.4	\$ 522.2	\$ 829.8
Comprehensive income (loss) from continuing operations attributable to				
Shareholders		\$ 617.8	\$ 515.6	\$ 816.2
Non-controlling interests		6.1	2.8	(4.6)
Comprehensive income (loss) attributable to				
Shareholders		\$ 715.3	\$ 519.4	\$ 834.4
Non-controlling interests		6.1	2.8	(4.6)

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF EQUITY

Years ended December 31, 2019 and 2018
 (in millions of Canadian dollars)

	Equity attributable to shareholders			Accumulated other comprehensive loss (note 25)	Equity attributable to non-controlling interests	Total equity
	Capital stock (note 23)	Contributed surplus	Deficit			
Balance as of December 31, 2017, as previously reported	\$ 3,630.8	\$ 1.3	\$ (1,113.0)	\$ (60.4)	\$ 86.3	\$ 2,545.0
Changes in accounting policies (note 1(b))	—	—	(20.3)	—	(0.4)	(20.7)
Balance as of December 31, 2017, as restated	3,630.8	1.3	(1,133.3)	(60.4)	85.9	2,524.3
Net income	—	—	540.3	—	2.6	542.9
Other comprehensive (loss) income	—	—	—	(20.9)	0.2	(20.7)
Dividends	—	—	(100.0)	—	(0.1)	(100.1)
Repurchase of shares	(611.1)	—	(928.9)	—	—	(1,540.0)
Balance as of December 31, 2018	3,019.7	1.3	(1,621.9)	(81.3)	88.6	1,406.4
Net income	—	—	695.9	—	5.5	701.4
Other comprehensive income	—	—	—	19.4	0.6	20.0
Dividends	—	—	(100.0)	—	—	(100.0)
Balance as of December 31, 2019	\$ 3,019.7	\$ 1.3	\$ (1,026.0)	\$ (61.9)	\$ 94.7	\$ 2,027.8

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	Note	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Cash flows related to operating activities				
Income from continuing operations		\$ 603.9	\$ 539.1	\$ 742.2
Adjustments for:				
Depreciation of property, plant and equipment	13	596.4	608.9	598.3
Amortization of intangible assets	14	116.7	105.5	103.8
Amortization of right-of-use assets	15	38.1	38.9	37.8
Loss on valuation and translation of financial instruments		0.8	0.9	2.4
Impairment of assets	5, 7	18.8	14.9	43.8
Gain on sale of spectrum licences	6	—	—	(330.9)
Loss on debt refinancing	8	—	—	15.6
Amortization of financing fees and long-term debt discount	4	7.9	6.8	6.9
Deferred income taxes	9	108.5	12.6	132.2
Other		(1.3)	(4.6)	7.0
		1,489.8	1,323.0	1,359.1
Net change in non-cash balances related to operating activities		(237.4)	135.8	(133.6)
Cash flows provided by continuing operating activities		1,252.4	1,458.8	1,225.5
Cash flows related to investing activities				
Business acquisitions	10	(35.6)	(10.3)	(5.8)
Business disposals	32	260.7	—	—
Additions to property, plant and equipment	13	(501.3)	(549.2)	(598.6)
Additions to intangible assets	14	(496.9)	(197.4)	(141.9)
Proceeds from disposals of assets	6	4.2	9.4	620.7
Acquisition of tax deductions from the parent corporation	30	(14.9)	(13.9)	—
Loans to the parent corporation	17	(105.0)	(596.1)	—
Other		(30.3)	(11.3)	(10.6)
Cash flows used in continuing investing activities		(919.1)	(1,368.8)	(136.2)
Cash flows related to financing activities				
Net change in bank indebtedness		4.5	24.3	(18.9)
Net change under revolving facilities	20	(595.6)	736.5	(209.3)
Issuance of long-term debt, net of financing fees	20	790.7	—	794.5
Repayment of long-term debt	8	(487.3)	(19.2)	(664.5)
Repayment of lease liabilities	21	(41.9)	(42.3)	(36.5)
Settlement of hedging contracts	8	90.0	(1.6)	16.6
Repurchase of Common Shares	23	—	(1,540.0)	(43.9)
Reduction of paid-up capital		—	—	(50.0)
Dividends		(100.0)	(100.0)	(50.0)
Dividends paid to non-controlling interests		—	(0.1)	—
Cash flows used in continuing financing activities		(339.6)	(942.4)	(262.0)
Net change in cash and cash equivalents from continuing operations		\$ (6.3)	\$ (852.4)	\$ 827.3

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (restated, note 1(b))	<u>2017</u> (restated, note 1(b))
Net change in cash and cash equivalents from continuing operations		\$ (6.3)	\$ (852.4)	\$ 827.3
Cash flows (used in) provided by discontinued operations	32	(0.7)	8.5	16.9
Cash and cash equivalents at the beginning of the year		<u>21.0</u>	<u>864.9</u>	<u>20.7</u>
Cash and cash equivalents at the end of the year		<u><u>\$ 14.0</u></u>	<u><u>\$ 21.0</u></u>	<u><u>\$ 864.9</u></u>
<u>Additional information on the consolidated statements of cash flows</u>				
Cash and cash equivalents consist of				
Cash		\$ 5.1	\$ 20.2	\$ 863.2
Cash equivalents		8.9	0.8	1.7
		<u><u>\$ 14.0</u></u>	<u><u>\$ 21.0</u></u>	<u><u>\$ 864.9</u></u>
Changes in non-cash balances related to operating activities (excluding the effect of business acquisitions and disposals)				
Accounts receivable		\$ 17.8	\$ (17.7)	\$ (17.8)
Contract assets		(16.7)	(21.3)	(27.8)
Inventories		(32.1)	(4.3)	(3.2)
Accounts payable, accrued charges and provisions		(16.4)	33.6	(30.2)
Income taxes		(134.0)	134.2	(44.8)
Deferred revenues		(12.9)	(5.7)	(1.7)
Defined benefit plans		(14.9)	13.0	7.2
Other		(28.2)	4.0	(15.3)
		<u><u>\$ (237.4)</u></u>	<u><u>\$ 135.8</u></u>	<u><u>\$ (133.6)</u></u>
Interest and taxes reflected as operating activities				
Cash interest payments		\$ 302.0	\$ 300.2	\$ 281.6
Cash income tax payments (net of refunds)		238.9	18.0	58.7

Non-cash investing transactions are presented in notes 13,14 and 15

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC.
CONSOLIDATED BALANCE SHEETS

December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	Note	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Assets				
Current assets				
Cash and cash equivalents		\$ 14.0	\$ 21.0	\$ 864.9
Accounts receivable	11	558.2	562.1	543.0
Contract assets	18	168.3	144.4	132.8
Income taxes	9	19.1	4.8	29.3
Inventories	12	240.4	203.1	199.3
Other current assets		121.1	101.4	106.3
Assets held for sale	32	—	95.0	—
		1,121.1	1,131.8	1,875.6
Non-current assets				
Property, plant and equipment	13	3,379.0	3,429.0	3,569.8
Intangible assets	14	1,444.0	1,135.3	983.1
Goodwill	16	2,692.9	2,678.3	2,695.8
Right-of-use assets	15	130.9	135.6	159.0
Derivative financial instruments	29	679.8	887.0	591.8
Deferred income taxes	9	34.3	51.8	33.2
Loans to the parent corporation	17	701.1	596.1	—
Other assets	18	240.4	201.5	185.0
		9,302.4	9,114.6	8,217.7
Total assets		\$ 10,423.5	\$ 10,246.4	\$ 10,093.3

[Table of Contents](#)

**QUEBECOR MEDIA INC.
CONSOLIDATED BALANCE SHEETS (continued)**

December 31, 2019, 2018 and 2017
(in millions of Canadian dollars)

	Note	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Liabilities and equity				
Current liabilities				
Bank indebtedness		\$ 28.8	\$ 24.3	\$ —
Accounts payable, accrued charges and provisions	19	805.0	814.3	749.6
Deferred revenues		333.5	340.7	346.8
Income taxes	9	3.4	119.2	13.3
Current portion of long-term debt	20	44.9	56.6	19.1
Current portion of lease liabilities	21	34.0	38.5	42.0
Liabilities held for sale	32	—	6.6	—
		1,249.6	1,400.2	1,170.8
Non-current liabilities				
Long-term debt	20	5,854.5	6,318.4	5,292.6
Lease liabilities	21	136.5	141.0	163.2
Derivative financial instruments	29	2.1	—	34.1
Deferred income taxes	9	820.8	738.2	716.7
Other liabilities	22	332.2	242.2	191.6
		7,146.1	7,439.8	6,398.2
Equity				
Capital stock	23	3,019.7	3,019.7	3,630.8
Contributed surplus		1.3	1.3	1.3
Deficit		(1,026.0)	(1,621.9)	(1,133.3)
Accumulated other comprehensive loss	25	(61.9)	(81.3)	(60.4)
Equity attributable to shareholders		1,933.1	1,317.8	2,438.4
Non-controlling interests		94.7	88.6	85.9
		2,027.8	1,406.4	2,524.3
Commitments and contingencies	26, 28			
Total liabilities and equity		\$ 10,423.5	\$ 10,246.4	\$ 10,093.3

See accompanying notes to consolidated financial statements.

On March 11, 2020, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2019, 2018 and 2017.

On behalf of the Board of Directors,

(signed)

(signed)

The Right Honourable Brian Mulroney, P.C., C.C., LL.D.,
Chairman of the Board

Normand Provost,
Director

Table of Contents

QUEBECOR MEDIA INC. SEGMENTED INFORMATION

Years ended December 31, 2019, 2018 and 2017
(in millions of Canadian dollars)

Quebecor Media Inc. (“Quebecor Media” or the “Corporation”) is incorporated under the laws of Québec and, since June 22, 2018, is a wholly owned subsidiary of Quebecor Inc. (“Quebecor” or the “parent corporation”). Unless the context otherwise requires, Quebecor Media or the Corporation refer to Quebecor Media Inc. and its subsidiaries. The Corporation’s head office and registered office is located at 612 rue Saint-Jacques, Montréal (Québec), Canada. The percentages of voting rights and equity in its major subsidiaries are as follows:

	% voting	% equity
Videotron Ltd.	100.0%	100.0%
TVA Group Inc.	99.9%	68.4%
MediaQMI Inc.	100.0%	100.0%
QMI Spectacles Inc.	100.0%	100.0%

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers television distribution, Internet access, business solutions, cable and mobile telephony and over-the-top video services in Canada and is engaged in the rental of movies and televisual products through its video-on-demand service and video rental stores. The operations of the Media segment in Québec include the operation of an over-the-air television network and specialty television services, the operation of soundstage and equipment leasing and post-production services for the film and television industries, the printing, publishing and distribution of daily newspapers, the operation of Internet portals and specialized Web sites, the publishing and distribution of magazines, the production and distribution of audiovisual content, and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass the operation and management of the Videotron Centre in Québec City, show production, sporting and cultural events management, the publishing and distribution of books, the distribution and production of music, and the operation of two Quebec Major Junior Hockey teams.

These segments are managed separately since they all require specific market strategies. The accounting policies of each segment are the same as the accounting policies used for the consolidated financial statements. Segment income includes income from sales to third parties and inter segment sales. Transactions between segments are measured at exchange amounts between the parties.

Table of Contents

**QUEBECOR MEDIA INC.
SEGMENTED INFORMATION (continued)**

Years ended December 31, 2019, 2018 and 2019
(in millions of Canadian dollars)

	<u>Telecommunications</u>	<u>Media</u>	<u>Sports and Entertainment</u>	<u>Head Office and Inter- segments</u>	<u>Total 2019</u>
Revenues	\$ 3,480.4	\$ 738.0	\$ 192.2	\$ (116.8)	\$ 4,293.8
Employee costs	398.6	228.6	38.6	32.4	698.2
Purchase of goods and services	1,278.4	434.6	146.3	(146.6)	1,712.7
Adjusted EBITDA ¹	1,803.4	74.8	7.3	(2.6)	1,882.9
Depreciation and amortization					751.2
Financial expenses					282.9
Loss on valuation and translation of financial instruments					0.8
Restructuring of operations, litigation and other items					28.6
Income before income taxes					\$ 819.4
Additions to property, plant and equipment	\$ 476.8	\$ 21.8	\$ 1.3	\$ 1.4	\$ 501.3
Additions to intangible assets	468.0	24.8	3.5	0.6	496.9

See accompanying notes to consolidated financial statements.

Table of Contents

QUEBECOR MEDIA INC.
SEGMENTED INFORMATION (continued)

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	<u>Telecommunications</u>	<u>Media</u>	<u>Sports and Entertainment</u>	<u>Head Office and Inter- segments</u>	<u>Total 2018 (restated, note 1(b))</u>
Revenues	\$ 3,382.0	\$ 728.6	\$ 182.1	\$ (111.7)	\$ 4,181.0
Employee costs	387.1	234.4	38.8	36.3	696.6
Purchase of goods and services	1,279.3	434.2	132.8	(143.3)	1,703.0
Adjusted EBITDA ¹	1,715.6	60.0	10.5	(4.7)	1,781.4
Depreciation and amortization					753.3
Financial expenses					291.5
Loss on valuation and translation of financial instruments					0.9
Restructuring of operations, litigation and other items					29.1
Income before income taxes					<u>\$ 706.6</u>
Additions to property, plant and equipment	\$ 513.2	\$ 28.7	\$ 1.5	\$ 5.8	\$ 549.2
Additions to intangible assets	190.2	4.8	3.5	(1.1)	197.4

See accompanying notes to consolidated financial statements.

Table of Contents

QUEBECOR MEDIA INC.
SEGMENTED INFORMATION (continued)

Years ended December 31, 2019, 2018 and 2017
 (in millions of Canadian dollars)

	<u>Telecommunications</u>	<u>Media</u>	<u>Sports and Entertainment</u>	<u>Head Office and Inter- segments</u>	<u>Total 2017 (restated, note 1(b))</u>
Revenues	\$ 3,287.8	\$ 769.9	\$ 181.3	\$ (113.9)	\$ 4,125.1
Employee costs	388.8	232.0	37.6	47.8	706.2
Purchase of goods and services	1,305.9	464.1	132.1	(149.0)	1,753.1
Adjusted EBITDA¹	1,593.1	73.8	11.6	(12.7)	1,665.8
Depreciation and amortization					739.9
Financial expenses					294.3
Loss on valuation and translation of financial instruments					2.4
Restructuring of operations, litigation and other items					17.5
Gain on sale of spectrum licences					(330.9)
Impairment of goodwill and intangible assets					43.8
Loss on debt refinancing					15.6
Income before income taxes					\$ 883.2
Additions to property, plant and equipment	\$ 567.7	\$ 29.4	\$ 1.3	\$ 0.2	\$ 598.6
Additions to intangible assets	132.3	3.3	4.3	2.0	141.9

¹ The Chief Executive Officer uses adjusted EBITDA as the measure of profit to assess the performance of each segment. Adjusted EBITDA is referred to as a non-International Financial Reporting Standards (“IFRS”) measure and is defined as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations, litigation and other items, gain on sale of spectrum licences, impairment of goodwill and intangible assets, loss on debt refinancing, income taxes and income from discontinued operations.

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments (note 1(k)), the liability related to stock-based compensation (note 1(v)) and the net defined benefit liability (note 1(w)), and they are presented in Canadian dollars (“CAN dollars”), which is the currency of the primary economic environment in which the Corporation operates (“functional currency”).

Comparative figures for the years ended December 31, 2018 and 2017 have been restated to conform to the presentation adopted for the year ended December 31, 2019.

(b) Changes in accounting policies

(i) IFRS 16 — *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related lease liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation segments are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income.

Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

The retrospective adoption of IFRS 16 had the following impacts on the comparative consolidated financial figures:

Consolidated statements of income and comprehensive income

Increase (decrease)	2018	2017
Purchase of goods and services	\$ (49.0)	\$ (46.6)
Depreciation and amortization	35.4	34.6
Financial expenses	11.0	12.5
Restructuring of operations, litigation and other items	(0.7)	0.3
Deferred income tax expense	0.9	(0.2)
Net income and comprehensive income	<u>\$ 2.4</u>	<u>\$ (0.6)</u>
Net income and comprehensive income attributable to:		
Shareholders	\$ 2.2	\$ (0.5)
Non-controlling interests	0.2	(0.1)

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

(i) IFRS 16 — *Leases* (continued)

Consolidated balance sheets

<u>Increase (decrease)</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other current assets	\$ (2.2)	\$ (2.2)
Property, plant and equipment	15.5	15.5
Right-of-use assets	135.6	159.0
Provisions	(1.5)	(1.4)
Lease liabilities ^{1,2}	179.5	205.2
Other liabilities	(4.3)	(3.4)
Deferred income tax liability	(6.5)	(7.4)
Deficit	18.1	20.3
Non-controlling interests	(0.2)	(0.4)

¹ The current portion of lease liabilities is \$38.5 million as of December 31, 2018 and \$42.0 million as of December 31, 2017.

² Includes a lease liability with the parent corporation of \$35.0 million as of December 31, 2018 and \$37.3 million as of December 31, 2017.

(ii) IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments.

The adoption of IFRIC 23 had no impact on the consolidated financial statements

(c) Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

A subsidiary is an entity controlled by the Corporation. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests in the net assets and results of consolidated subsidiaries are identified separately from the parent corporation's ownership interest. Non-controlling interests in the equity of a subsidiary consist of the amount of non-controlling interests calculated at the date of the original business combination and their share of changes in equity since that date. Changes in non-controlling interests in a subsidiary that do not result in a loss of control by the Corporation are accounted for as equity transactions.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business acquisition

A business acquisition is accounted for by the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can be comprised of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the business acquired are recognized at their fair value at the acquisition date. Results of operations of a business acquired are included in the Corporation's consolidated financial statements from the date of the business acquisition. Business acquisition and integration costs are expensed as incurred and included as other items in the consolidated statements of income.

(e) Foreign currency translation

Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transaction. Translation gains and losses on monetary assets and liabilities denominated in a foreign currency are included in financial expenses, or in gain or loss on valuation and translation of financial instruments.

(f) Revenue recognition

The Corporation accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

The portion of revenues that is invoiced and unearned is presented as "Deferred revenues" in the consolidated balance sheets. Deferred revenues are usually recognized as revenues in the subsequent year.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

Telecommunications

The Telecommunications segment provides services under multiple deliverable arrangements, mainly for mobile contracts in which the sale of mobile devices is bundled with telecommunication services over the contract term. The total consideration from a contract with multiple deliverables is allocated to all performance obligations in the contract based on the stand-alone selling price of each obligation. The total consideration is generally comprised of an upfront fee for the equipment sale and a monthly fee for the telecommunication service. Each performance obligation of multiple deliverable arrangements is then separately accounted for based on its allocated consideration amount.

The Corporation does not adjust the amount of consideration allocated to the equipment sale for the effects of a financing component since this component is not significant.

The Telecommunications segment recognizes each of its main activities' revenues as follows:

operating revenues from subscriber services, such as cable television, Internet access, cable and mobile telephony, and over-the-top video services are recognized when services are provided;

revenues from equipment sales to subscribers are recognized when the equipment is delivered;

operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided; and

cable connection and mobile activation revenues are deferred and recognized respectively as revenues over the period of time the customer is expected to remain a customer of the Corporation and over the contract term.

When a mobile device and a service are bundled under a single mobile contract, the term of the contract is generally 24 months.

The portion of mobile revenues earned without being invoiced is presented as contract assets in the consolidated balance sheets. Contract assets are realized over the term of the contract.

Media

The Media segment recognizes each of its main activities' revenues as follows:

advertising revenues are recognized when the advertising is aired on television, is featured in newspapers or magazines or is displayed on the digital properties or on transit shelters;

revenues from subscriptions to specialty television channels or to online publications are recognized on a monthly basis at the time service is provided or over the period of the subscription;

revenues from the sale or distribution of newspapers and magazines are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns;

soundstage and equipment leasing revenues are recognized over the rental period;

revenues derived from speciality film and television services are recognized when services are provided; and

revenues from distribution of audiovisual content are recognized when the content has been delivered and accepted in accordance with the conditions of the licence or distribution agreement.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

Sports and Entertainment

The Sports and Entertainment segment recognizes each of its main activities' revenues as follows:

revenues from the sale or distribution of books and entertainment products are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns;

revenues from venue rental, ticket sales (including season tickets) and food and beverage sales are recognized when the events take place and/or goods are sold, as the case may be;

revenues from the rental of suites are recognized ratably over the period of the agreement;

revenues from the sale of advertising in the form of venue signage or sponsorships, are recognized ratably over the period of the agreement; and

revenues derived from sporting and cultural event management are recognized when services are provided.

(g) Impairment of assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGUs"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Corporation reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the consolidated statement of income to the extent that the resulting carrying value does not exceed the carrying value that would have been the result had no impairment loss been recognized previously.

(h) Barter transactions

In the normal course of operations, the Corporation principally offers advertising in exchange for goods and services. Revenues thus earned and expenses incurred are accounted for on the basis of the fair value of goods and services provided.

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be reduced subsequently, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized either in other comprehensive income or directly in equity to the extent that it relates to items that are recognized in other comprehensive income or directly in equity in the same or a different period.

In the course of the Corporation's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Corporation recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

(j) Leases

The Corporation recognizes, for most of its leases, a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the term lease, less incentive payments received, using the Corporation incremental borrowing rate at that date or interest rate implicit in the lease. The term of the lease is comprised of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interest on lease liabilities are recorded in the consolidated statements of income as financial expenses and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

(k) Financial instruments

Classification, recognition and measurement

Most of financial assets and liabilities are classified as subsequently measured at amortized cost, except for derivative financial instruments, which are measured at fair value through other comprehensive income or through profit or loss. Contingent consideration or future conditional adjustments arising from a business acquisition or disposal are measured at fair value at the transaction date with subsequent changes in fair value recorded in the consolidated statements of income.

Derivative financial instruments and hedge accounting

The Corporation uses various derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Corporation does not hold or use any derivative financial instruments for speculative purposes. Under hedge accounting, the Corporation documents all hedging relationships between hedging instruments and hedged items, as well as its strategy for using hedges and its risk-management objective. It also designates its derivative financial instruments as either fair value hedges or cash flow hedges when they qualify for hedge accounting. The Corporation assesses the effectiveness of its hedging relationships at initiation and on an ongoing basis.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

The Corporation generally enters into the following types of derivative financial instruments:

The Corporation uses foreign exchange forward contracts to hedge foreign currency rate exposure on anticipated equipment or inventory purchases in a foreign currency. These foreign exchange forward contracts are designated as cash flow hedges.

The Corporation uses cross-currency interest rate swaps to hedge (i) foreign currency rate exposure on interest and principal payments on foreign currency denominated debt and/or (ii) fair value exposure on certain debt resulting from changes in interest rates. The cross-currency interest rate swaps that set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting an interest rate from a floating rate to a floating rate or from a fixed rate to a fixed rate, are designated as cash flow hedges. The cross-currency interest rate swaps are designated as fair value hedges when they set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting the interest rate from a fixed rate to a floating rate.

The Corporation uses interest rate swaps to manage fair value exposure on certain debts resulting from changes in interest rates. These swap agreements require a periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. These interest rate swaps are designated as fair value hedges when they convert the interest rate from a fixed rate to a floating rate, or as cash flow hedges when they convert the interest rate from a floating rate to a fixed rate.

The Corporation has established a hedge ratio of one for one for all its hedging relationships as underlying risks of its hedging derivatives are identical to the hedged item risks.

The Corporation measures and records the effectiveness of its hedging relationships as follows:

For cash flow hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of a hypothetical derivative that simulates the hedged items cash flows.

For fair value hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of the hedged item attributable to the hedged risk.

Most of the Corporation's hedging relationships are not generating material ineffectiveness. The ineffectiveness, if any, is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Under hedge accounting, the Corporation applies the following accounting policies:

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging derivative recorded in income are substantially offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When a fair value hedge is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to income over the remaining term of the original hedging relationship.

For derivative financial instruments designated as cash flow hedges, the effective portion of a hedge is reported in other comprehensive income until it is recognized in income during the same period in which the hedged item affects income, while the ineffective portion is immediately recognized in income. When a cash flow hedge is discontinued, the amounts previously recognized in accumulated other comprehensive income are reclassified to income when the variability in the cash flows of the hedged item affects income.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Any change in the fair value of derivative financial instruments recorded in income is included in gain or loss on valuation and translation of financial instruments. Interest expense on hedged long-term debt is reported at the hedged interest and foreign currency rates.

Derivative financial instruments that do not qualify for hedge accounting, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts, are reported on a fair value basis in the consolidated balance sheets. Any change in the fair value of these derivative financial instruments is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

(l) Financing fees

Financing fees related to long-term debt are capitalized in reduction of long-term debt and amortized using the effective interest rate method.

(m) Tax credits and government assistance

The Corporation has access to several government programs designed to support production and distribution of televisual products and movies, as well as music products, magazine and book publishing in Canada. In addition, the Corporation receives tax credits mainly related to its research and development activities, publishing activities and digital activities. Government financial assistance is accounted for as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are being met.

(n) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments purchased three months or less from maturity and are recorded at fair value. These highly liquid investments consisted mainly of Bankers' acceptances and term deposits.

(o) Accounts receivable and contract assets

Accounts receivable and contract assets are presented net of a provision for expected credit losses. The Corporation is using the IFRS 9 expected credit losses method to estimate that provision, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. Amounts receivable are written off when deemed uncollectible.

(p) Inventories

Inventories are valued at the lower of cost, determined by the first-in, first-out method or the weighted-average cost method, and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed.

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Inventories (continued)

In particular, inventories related to audiovisual content are accounted for as follows:

(i) Productions

Productions are accounted for at the lesser of cost and net realizable value. Cost includes direct employees and goods and services costs and general expenses allocated to each production. The production costs are charged to operating expenses when the productions are broadcast or using a method based on how future economic benefits from the productions will be generated.

(ii) Broadcast and distribution rights

Broadcast rights are essentially contractual rights allowing the limited or unlimited broadcast of televisual products or movies. Distribution rights include costs to acquire distribution rights for televisual products and movies and other operating costs incurred that generate future economic benefits. The Corporation records the rights acquired as inventory and the obligations incurred under a licence agreement as a liability when the broadcast or distribution period begins and all of the following conditions have been met: (a) the cost of the licence for each program, movies, series or right to broadcast a live event is known or can be reasonably determined, (b) the programs, movies or series have been accepted or the live event is broadcast in accordance with the conditions of the licence agreement; (c) the programs, movies or series are available for distribution, first showing or telecast, or when the live event is broadcast.

Amounts paid for broadcast and distribution rights before all of the above conditions are met are recorded as prepaid rights.

Broadcast and distribution rights are charged to operating expenses when televisual products and movies are broadcast over the contract period, using a method based on how future economic benefits from those rights will be generated.

Estimates of future revenues used to determine the net realizable value of inventories related to audiovisual content are examined periodically by management and revised as necessary. The carrying value of the related inventories is reduced to the net realizable value, if necessary, based on this assessment.

(q) Long-term investments

Investments in companies subject to significant influence are accounted for using the equity method. Under the equity method, the share of the results of operations of the associated corporation is recorded in the consolidated statements of income. Carrying values of investments are reduced to estimated fair values if there is objective evidence that the investment is impaired.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment

Property, plant and equipment are recorded at cost. Cost represents the acquisition costs, net of government grants and investment tax credits, or construction costs, including preparation, installation and testing costs. In the case of projects to construct cable and mobile networks, the cost includes equipment, direct labour and related overhead costs. Projects under development may also be comprised of advance payments made to suppliers for equipment under construction.

Borrowing costs are also included in the cost of property, plant and equipment during the development phase. Expenditures, such as maintenance and repairs, are expensed as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Assets	Estimated useful lives
Buildings and leasehold improvements	10 to 40 years
Machinery and equipment	3 to 20 years
Telecommunication networks	3 to 20 years

Depreciation methods, residual values, and the useful lives of significant property, plant and equipment are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

Leasehold improvements are depreciated over the shorter of the term of the lease and their estimated useful life.

The Corporation does not record any decommissioning obligations in connection with its cable distribution networks. The Corporation expects to renew all of its agreements with utility companies to access their support structures in the future, making the retirement date so far into the future that the present value of the restoration costs is insignificant for those assets.

Videotron Ltd. (“Videotron”) is engaged in an agreement to operate a shared LTE network in the Province of Québec and the Ottawa region.

(s) Goodwill and intangible assets

Goodwill

Goodwill initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed.

Goodwill is allocated as at the date of a business acquisition to a CGU for purposes of impairment testing (note 1(g)). The allocation is made to the CGU or group of CGUs expected to benefit from the synergies of the business acquisition.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Goodwill and intangible assets (continued)

Intangible assets

Spectrum licences are recorded at cost. Spectrum licences have an indefinite useful life and are not amortized based on the following facts: (i) the Corporation intends to renew the spectrum licences and believes that they are likely to be renewed by Innovation, Science and Economic Development Canada, (ii) the Corporation has the financial and operational ability to renew these spectrum licences, (iii) currently, the competitive, legal and regulatory landscape does not limit the useful lives of the spectrum licences, and (iv) the Corporation foresees no limit to the period during which these licences can be expected to generate cash flows in the future.

Broadcasting licences, trademarks and sport franchises also have an indefinite useful life and are not amortized. These intangibles assets are recorded at cost or at fair value at the acquisition date if they are acquired through a business acquisition.

Software is recorded at cost. In particular, internally generated intangible assets such as software and website development are mainly comprised of internal costs in connection with the development of assets to be used internally or to provide services to customers. These costs are capitalized when the development stage of the software application begins, and costs incurred prior to that stage are recognized as expenses.

Naming rights for the Videotron Centre in Québec City are recognized at cost.

Customer relationships and other intangible assets acquired through a business acquisition are recorded at fair value at the date of acquisition.

Borrowing costs directly attributable to the acquisition, development or production of an intangible asset are also included as part of the cost of that asset during the development phase.

Intangible assets with finite useful lives are amortized over their useful lives using the straight-line method over the following periods:

Assets	Estimated useful lives
Software	3 to 7 years
Naming rights	25 years
Customer relationships and other	3 to 10 years

Amortization methods, residual values, and the useful lives of significant intangible assets are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

(t) Contract costs

Incremental and direct costs, such as costs to obtain a contract, mainly sales commissions, or the cost of connecting a subscriber to the Corporation's telecommunication network are included in contract costs and amortized over the period of time the customer is expected to maintain its service or over the contract term. The amortization of contract costs is included in purchase of goods and services in the consolidated statements of income.

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Provisions

Provisions are recognized when (i) the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and when (ii) the amount of the obligation can be reliably estimated. Restructuring costs, comprised primarily of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected, that the plan will be carried out.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statements of income in the reporting period in which the changes occur.

(v) Stock-based compensation

Stock-based awards to employees that call for settlement in cash, as deferred share units (“DSUs”) or performance share units (“PSUs”), or that call for settlement in cash at the option of the employee, as stock options awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation cost.

The fair value of DSUs and PSUs is based on the underlying share price at the date of valuation. The fair value of stock option awards is determined by applying an option pricing model, taking into account the terms and conditions of the grant. Key assumptions are described in note 23.

(w) Pension plans and postretirement benefits

The Corporation offers defined contribution pension plans and defined benefit pension plans to some of its employees.

(i) Defined contribution pension plans

Under its defined contribution pension plans, the Corporation pays fixed contributions to participating employees' pension plans and has no legal or constructive obligation to pay any further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefits in the consolidated statements of income when the contributions become due.

(ii) Defined benefit pension plans and postretirement plans

Defined benefit pension plan costs are determined using actuarial methods and are accounted for using the projected unit credit method, which incorporates management's best estimates of future salary levels, other cost escalations, retirement ages of employees, and other actuarial factors. Defined benefit pension costs, recognized in the consolidated statements of income as employee costs, mainly include the following:

service costs provided in exchange for employee services rendered during the period;

prior service costs recognized at the earlier of (a) when the employee benefit plan is amended or (b) when restructuring costs are recognized and;

curtailment or settlement gain or loss.

Interest on net defined benefit liability or asset, recognized in the consolidated statements of income as financial expenses, is determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Pension plans and postretirement benefits (continued)

(ii) Defined benefit pension plans and postretirement plans (continued)

Re-measurements of the net defined benefit liability or asset are recognized immediately in other comprehensive loss and in accumulated other comprehensive loss. Re-measurements are comprised of the following:

actuarial gains and losses arising from changes in financial and demographic actuarial assumptions used to determine the defined benefit obligation or from experience adjustments on liabilities;

the difference between actual return on plan assets and interest income on plan assets anticipated as part of the interest on net defined benefit liability or asset calculation and;

changes in the net benefit asset limit or in the minimum funding liability.

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent that the Corporation can unilaterally reduce those future contributions. In addition, an adjustment to the net benefit asset or the net benefit liability can be recorded to reflect a minimum funding liability in a certain number of the Corporation's pension plans.

The Corporation also offers discounts on telecommunication services and health, life and dental insurance plans to some of its retired employees. The cost of postretirement benefits is determined using an accounting methodology similar to that for defined benefit pension plans. The benefits related to these plans are funded by the Corporation as they become due.

(x) Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Although these estimates are based on management's best judgment and information available at the time of the assessment date, actual results could differ from those estimates.

The following significant areas represent management's most difficult, subjective or complex estimates:

(i) Recoverable amount of an asset or a CGU

When an impairment test is performed on an asset or a CGU, management estimates the recoverable amount of the asset or CGU based on its fair value less costs of disposal or its value in use. These estimates are based on valuation models requiring the use of a number of assumptions such as forecasts of future cash flows, pre-tax discount rate (WACC) and perpetual growth rate. These assumptions have a significant impact on the results of impairment tests and on the impairment charge, as the case may be, recorded in the consolidated statements of income. A description of key assumptions used in the goodwill impairment tests and a sensitivity analysis of recoverable amounts are presented in note 16.

(ii) Costs and obligations related to pension and postretirement benefit plans

Estimates of costs and obligations related to pension and postretirement benefit obligations are based on a number of assumptions, such as the discount rate, the rate of increase in compensation, the retirement age of employees, health care costs, and other actuarial factors. Certain of these assumptions may have a significant impact on employee costs and financial expenses recorded in the consolidated statements of income, the re-measurement gain or loss on defined benefit plans recorded in the consolidated statements of comprehensive income, and on the carrying value of other assets or other liabilities in the consolidated balance sheets. Key assumptions and a sensitivity analysis on the discount rate are presented in note 31.

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Use of estimates and judgments (continued)

(iii) Provisions

The recognition of provisions requires management to estimate expenditures required to settle a present obligation or to transfer it to a third party at the date of assessment. More specifically, an assessment of the probable outcomes of legal proceedings or other contingencies is also required. Management expectations on the potential effect of the possible outcomes of legal disputes on the consolidated financial statements, is presented in note 28.

(iv) Contingent considerations and future conditional adjustments

Contingent considerations and future conditional adjustments arising from business acquisition or disposal are measured and accounted for at their fair value. The fair value is estimated based on a present value model requiring management to assess the probabilities that the conditions on which the contingent considerations and future conditional adjustments are based will be met in the future. The assessment of these contingent potential outcomes requires judgment from management and could have an impact on the initial amount of contingent considerations or future conditional adjustments recognized and on any subsequent changes in fair value recorded in the consolidated statements of income.

The following areas represent management's most significant judgments, apart from those involving estimates:

(i) Useful life periods for the depreciation and amortization of assets with finite useful lives

For each class of assets with finite useful lives, management has to determine over which period the Corporation will consume the assets' future economic benefits. The determination of a useful life period involves judgment and has an impact on the depreciation and amortization charge recorded in the consolidated statements of income.

(ii) Indefinite useful life of spectrum licences

Management has concluded that spectrum licences have an indefinite useful life. This conclusion was based on an analysis of factors, such as the Corporation's financial ability to renew the spectrum licences, the competitive, legal and regulatory landscape, and future expectations regarding the use of the spectrum licences. The determination that spectrum licences have an indefinite useful life therefore involves judgment, which could have an impact on the amortization charge recorded in the consolidated statements of income if management were to change its conclusion in the future.

(iii) Interpretation of laws and regulations

Interpretation of laws and regulation, including those of the Canadian Radio-television and Telecommunications Commission ("CRTC") and tax regulations, requires judgment from management and could have an impact on revenue recognition, provisions and income taxes in the consolidated financial statements.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

2. REVENUES

	2019	2018	2017
Telecommunications			
Internet	\$ 1,114.3	\$ 1,079.3	\$ 1,030.9
Cable television	974.4	996.7	1,009.6
Mobile telephony	600.7	534.4	469.8
Cable telephony	341.1	368.6	397.8
Equipment sales	269.8	233.5	219.0
Other	180.1	169.5	160.7
Media			
Advertising	339.8	352.4	390.2
Subscription	210.5	201.6	206.8
Other	187.7	174.6	172.9
Sports and Entertainment	192.2	182.1	181.3
Inter-segments	<u>(116.8)</u>	<u>(111.7)</u>	<u>(113.9)</u>
	<u>\$ 4,293.8</u>	<u>\$ 4,181.0</u>	<u>\$ 4,125.1</u>

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components are as follows:

	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Employee costs	\$ 908.4	\$ 895.9	\$ 893.6
Less employee costs capitalized to property, plant and equipment and to intangible assets	<u>(210.2)</u>	<u>(199.3)</u>	<u>(187.4)</u>
	<u>698.2</u>	<u>696.6</u>	<u>706.2</u>
Purchase of goods and services:			
Royalties, rights and creation costs	662.7	681.7	677.9
Cost of products sold	415.3	380.2	360.1
Service contracts	158.2	154.3	172.3
Marketing, circulation and distribution expenses	106.7	105.9	108.9
Other	<u>369.8</u>	<u>380.9</u>	<u>433.9</u>
	<u>1,712.7</u>	<u>1,703.0</u>	<u>1,753.1</u>
	<u>\$ 2,410.9</u>	<u>\$ 2,399.6</u>	<u>\$ 2,459.3</u>

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

4. FINANCIAL EXPENSES

	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Interest on long-term debt	\$ 298.2	\$ 287.8	\$ 274.7
Amortization of financing fees and long-term debt discount	7.9	6.8	6.9
Interest on lease liabilities ¹	10.3	11.0	12.5
Interest on net defined benefit liability	6.8	6.2	5.8
(Gain) loss on foreign currency translation on short-term monetary items	(2.2)	2.3	(2.0)
Interest from the parent corporation	(35.8)	(14.8)	—
Other	(2.3)	(7.8)	(3.6)
	\$ 282.9	\$ 291.5	\$ 294.3

¹ Includes interest on leases liabilities with the parent Corporation of an amount of \$2.4 million in 2019 (\$2.5 million in 2018 and \$2.5 million in 2017).

5. RESTRUCTURING OF OPERATIONS, LITIGATION AND OTHER ITEMS

In 2019, a net charge of \$9.8 million was recorded relating mainly to various cost reduction initiatives across the Corporation (net charges of \$14.2 million in 2018 and \$17.5 million in 2017 which were related to cost reduction initiatives, developments in certain litigations, the migration of subscribers from analog to digital services in the Telecommunications segment and disposal of assets).

In 2019, an impairment charge on assets of \$18.8 million was also recorded mainly in the Telecommunications segment as a result of restructuring initiatives (\$14.9 million in 2018).

6. GAIN ON SALE OF SPECTRUM LICENCES

On June 20, 2017, Videotron sold its Advanced Wireless Service (“AWS”) spectrum licence in the greater Toronto region to Rogers Communications Canada Inc. for a cash consideration of \$184.2 million, pursuant to the transfer option held by Videotron since 2013. The sale resulted in a gain on disposal of \$87.8 million.

On July 24, 2017, Videotron sold its seven 2500 MHz and 700 MHz wireless spectrum licences outside Québec to Shaw Communications Inc. for a cash consideration of \$430.0 million. The sale resulted in a gain on disposal of \$243.1 million.

As a result of these transactions, tax benefits of \$44.4 million, on previous years' capital losses, were recognized in the consolidated statement of income in 2017.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

7. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

2017

During the third quarter of 2017, the Corporation performed an impairment test of its Magazines CGU in light of the continuous downturn in revenues in this industry. The Corporation concluded that the recoverable amount was less than the carrying amount of the Magazines CGU and recorded a goodwill impairment charge of \$30.0 million (including \$1.5 million without any tax consequence) and an impairment charge of \$12.4 million on intangible assets (including \$3.1 million without any tax consequence).

An impairment charge on intangible assets of \$1.4 million was also recorded in 2017 in other segments.

8. LOSS ON DEBT REFINANCING

2019

On July 15, 2019, Quebecor Media prepaid the balance outstanding under its term loan “B” credit facility and the related hedging contracts were unwound for a total cash consideration of \$340.9 million. This transaction resulted in no gain or loss.

2017

On May 1, 2017, Videotron redeemed all of its issued and outstanding 6.875% Senior Notes due July 15, 2021, in aggregate principal amount of \$125.0 million, for a cash consideration of \$129.3 million.

On May 1, 2017, Quebecor Media redeemed all of its issued and outstanding 7.375% Senior Notes due January 15, 2021, in aggregate principal amount of \$325.0 million, for a cash consideration of \$333.0 million.

These transactions resulted in a total loss of \$15.6 million in 2017.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

9. INCOME TAXES

The following table reconciles income taxes at the Corporation's domestic statutory tax rate of 26.6% in 2019 (26.7% in 2018 and 26.8% in 2017) and income taxes in the consolidated statements of income:

	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Income taxes at domestic statutory tax rate	\$ 218.0	\$ 188.7	\$ 236.7
(Reduction) increase resulting from:			
Effect of non-deductible charges, non-taxable income and differences between current and future tax rates	(0.4)	(1.2)	(48.5)
Change in benefit arising from the recognition of current and prior year tax losses (notes 6 and 30)	—	(18.5)	(47.0)
Other	(2.1)	(1.5)	(0.2)
Income taxes	\$ 215.5	\$ 167.5	\$ 141.0

The significant items comprising the Corporation's net deferred income tax liability and their impact on the deferred income tax expense are as follows:

	Consolidated balance sheets		Consolidated income statements		
	2019	2018 (restated, note 1(b))	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Loss carryforwards	\$ 1.8	\$ 22.8	\$ 17.4	\$ (8.0)	\$ 3.6
Accounts payable, accrued charges, provisions and deferred revenue	8.1	13.9	5.8	0.6	1.4
Defined benefit plans	55.2	40.6	3.8	(3.2)	(1.9)
Contract assets	(58.8)	(54.3)	4.5	5.8	7.4
Property, plant and equipment	(480.7)	(471.7)	9.0	(16.4)	84.5
Goodwill, intangible assets and other assets	(301.8)	(233.4)	64.3	34.0	43.9
Long-term debt and derivative financial instruments	(26.3)	(21.0)	3.0	1.3	(7.4)
Other	16.0	16.7	0.7	(1.5)	0.7
	\$ (786.5)	\$ (686.4)	\$ 108.5	\$ 12.6	\$ 132.2

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

9. INCOME TAXES (continued)

Changes in the net deferred income tax liability are as follows:

	<u>Note</u>	<u>2019</u>	<u>2018</u>
			(restated, note 1(b))
Balance at beginning of year		\$ (686.4)	\$ (683.5)
Recognized in income from continuing operations		(108.5)	(12.6)
Recognized in other comprehensive income		16.3	(3.8)
Acquisition of tax deductions	28	14.9	13.9
Business acquisitions		(4.1)	—
Discontinued operations and other		(18.7)	(0.4)
Balance at end of year		\$ (786.5)	\$ (686.4)
Deferred income tax asset		\$ 34.3	\$ 51.8
Deferred income tax liability		(820.8)	(738.2)
		\$ (786.5)	\$ (686.4)

As of December 31, 2019, the Corporation had loss carryforwards for income tax purposes of \$14.9 million available to reduce future taxable income, that will expire between 2035 and 2039. These losses have been recognized. The Corporation also had capital losses of \$445.8 million that can be carried forward indefinitely and applied only against future capital gains of which none were recognized.

There are no income tax consequences attached to the payment of dividends or distributions by the Corporation to its shareholders.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

10. BUSINESS ACQUISITIONS

2019

On February 13, 2019, TVA Group Inc. ("TVA Group") acquired the companies in the Serdy Média inc. and Serdy Video Inc. groups, including the Évasion and Zeste specialty channels, for a total cash consideration of \$23.5 million, net of cash acquired of \$0.5 million. An amount of \$1.6 million relating to certain post-closing adjustments was also paid during the third quarter of 2019. The acquired assets consist mainly of intangible assets and goodwill.

On April 1, 2019, TVA Group acquired the Incendo Media inc. group, a Montréal-based producer and distributor of television programs for international markets, for a cash consideration of \$11.1 million (net of cash acquired of \$0.9 million) and a balance payable at fair value of \$6.8 million. An amount of \$0.6 million relating to certain post-closing adjustment was also received during the third quarter of 2019. The purchase price is subject to adjustments relating to the achievement of future conditions. The acquired assets consist mainly of intangible assets and goodwill.

2018

In 2018, the Corporation acquired businesses, included in the Media segment and in the Sport and Entertainment segment, for a total cash consideration of \$10.3 million.

2017

In 2017, the Corporation acquired a business, included in the Sports and Entertainment segment, for a cash consideration of \$0.2 million.

No amount of goodwill is deductible for tax purposes in 2019 (\$0.6 million in 2018 and none in 2017).

11. ACCOUNTS RECEIVABLE

	2019	2018
Trade	\$ 461.0	\$ 468.0
Other ¹	97.2	94.1
	\$ 558.2	\$ 562.1

¹ Includes interest receivable from Quebecor of an amount of \$10.6 million as of December 31, 2019 (\$8.6 million in 2018).

12. INVENTORIES

	2019	2018
Audiovisual content	\$ 119.3	\$ 94.1
Finished goods	93.5	88.8
Raw materials and supplies	27.6	20.2
	\$ 240.4	\$ 203.1

Cost of inventories included in purchase of goods and services amounted to \$721.8 million in 2019 (\$721.5 million in 2018 and \$721.0 million in 2017). Write-downs of inventories totalling \$6.3 million were recognized in purchase of goods and services in 2019 (\$4.7 million in 2018 and \$11.1 million in 2017).

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

13. PROPERTY, PLANT AND EQUIPMENT

Changes in the net carrying amount of property, plant and equipment are as follows:

	<u>Land, buildings and leasehold improvements</u>	<u>Machinery and equipment</u>	<u>Telecom- munication networks</u>	<u>Projects under development</u>	<u>Total</u>
Cost					
Balance as of December 31, 2017	\$ 612.9	\$ 1,751.2	\$ 5,917.3	\$ 46.2	\$ 8,327.6
Additions	20.0	151.4	293.8	84.0	549.2
Net change in additions financed with accounts payable	—	1.8	(11.9)	13.3	3.2
Reclassification	2.1	3.1	41.5	(46.7)	—
Reclassification to assets held for sale	(84.0)	—	—	—	(84.0)
Retirement, disposals and other ¹	(6.6)	(35.3)	(231.5)	(5.8)	(279.2)
Balance as of December 31, 2018	544.4	1,872.2	6,009.2	91.0	8,516.8
Additions	22.5	107.8	252.5	118.5	501.3
Net change in additions financed with accounts payable	0.5	(6.0)	(5.4)	(4.5)	(15.4)
Reclassification	3.4	86.0	88.8	(105.7)	72.5
Retirement, disposals and other ¹	(3.5)	(74.7)	(17.9)	(2.3)	(98.4)
Balance as of December 31, 2019	\$ 567.3	\$ 1,985.3	\$ 6,327.2	\$ 97.0	\$ 8,976.8

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land, buildings and leasehold improvements</u>	<u>Machinery and equipment</u>	<u>Telecom- munication networks</u>	<u>Projects under development</u>	<u>Total</u>
Accumulated depreciation and impairment losses					
Balance as of December 31, 2017	\$ 221.7	\$ 1,221.7	\$ 3,314.4	\$ —	\$ 4,757.8
Depreciation	18.8	191.8	398.3	—	608.9
Reclassification to assets held for sale	(11.5)	—	—	—	(11.5)
Retirement, disposals and other ¹	(2.6)	(33.6)	(231.2)	—	(267.4)
Balance as of December 31, 2018	226.4	1,379.9	3,481.5	—	5,087.8
Depreciation	20.1	174.0	402.3	—	596.4
Retirement, disposals and other ¹	(2.4)	(70.2)	(13.8)	—	(86.4)
As of December 31, 2019	\$ 244.1	\$ 1,483.7	\$ 3,870.0	\$ —	\$ 5,597.8
Net carrying amount					
As of December 31, 2018	\$ 318.0	\$ 492.3	\$ 2,527.7	\$ 91.0	\$ 3,429.0
As of December 31, 2019	\$ 323.2	\$ 501.6	\$ 2,457.2	\$ 97.0	\$ 3,379.0

¹ Includes also the net change in assets related to discontinued operations.

In 2017, the calculation of the depreciation of a component of the Corporation's telecommunication networks was changed in order to depreciate it over its useful life of 5 years, compared with 15 years previously. As a result, depreciation was increased by \$21.0 million in 2017.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

14. INTANGIBLE ASSETS

Changes in the net carrying amount of intangible assets are as follows:

	Spectrum licences	Software	Customer relationship s, naming rights and other	Broadcasting licences, trademarks and sport franchises	Projects under development	Total
Cost						
Balance as of December 31, 2017	\$ 723.5	\$ 927.1	\$ 120.7	\$ 120.1	\$ 64.8	\$ 1,956.2
Additions	—	100.9	2.6	—	93.9	197.4
Net change in additions financed with accounts payable	—	(3.5)	—	—	68.1	64.6
Reclassification to assets held for sale	—	—	(5.1)	—	—	(5.1)
Reclassification	—	50.4	—	—	(50.4)	—
Retirement, disposals and other	—	(7.2)	1.2	(8.0)	(9.6)	(23.6)
Balance as of December 31, 2018	723.5	1,067.7	119.4	112.1	166.8	2,189.5
Additions ¹	255.8	209.6	2.5	—	29.0	496.9
Net change in additions financed with accounts payable	—	(73.9)	—	—	62.7	(11.2)
Business acquisition	—	1.2	20.0	—	—	21.2
Reclassification	—	80.0	—	—	(152.5)	(72.5)
Retirement, disposals and other	—	(13.9)	(5.0)	—	(2.5)	(21.4)
Balance as of December 31, 2019	\$ 979.3	\$ 1,270.7	\$ 136.9	\$ 112.1	\$ 103.5	\$ 2,602.5

¹ On April 10, 2019, Videotron acquired 10 spectrum licences in the 600 MHz band covering Eastern, Southern and Northern Quebec, as well as Outaouais and Eastern Ontario regions for a total price of \$255.8 million.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

14. INTANGIBLE ASSETS (continued)

	Spectrum licences	Software	Customer relationships, naming rights and other	Broadcasting licences, trademarks and sport franchises	Projects under development	Total
Accumulated amortization and impairment losses						
Balance as of December 31, 2017	\$ 247.7	\$ 553.3	\$ 61.5	\$ 110.6	\$ —	\$ 973.1
Amortization	—	96.5	9.0	—	—	105.5
Reclassification to assets held for sale	—	—	(3.5)	—	—	(3.5)
Retirement, disposals and other	—	(9.9)	(3.0)	(8.0)	—	(20.9)
Balance as of December 31, 2018	247.7	639.9	64.0	102.6	—	1,054.2
Amortization	—	105.2	11.5	—	—	116.7
Retirement, disposals and other	—	(7.5)	(4.9)	—	—	(12.4)
Balance as of December 31, 2019	\$ 247.7	\$ 737.6	\$ 70.6	\$ 102.6	\$ —	\$ 1,158.5
Net carrying amount						
As of December 31, 2018	\$ 475.8	\$ 427.8	\$ 55.4	\$ 9.5	\$ 166.8	\$ 1,135.3
As of December 31, 2019	\$ 731.6	\$ 533.1	\$ 66.3	\$ 9.5	\$ 103.5	\$ 1,444.0

The cost of internally generated intangible assets, mainly composed of software, was \$651.8 million as of December 31, 2019 (\$593.0 million as of December 31, 2018). For the year ended December 31, 2019, the Corporation recorded additions of internally generated intangible assets of \$65.2 million (\$43.4 million in 2018 and \$70.5 million in 2017).

The accumulated amortization and impairment losses on internally generated intangible assets, mainly composed of software, was \$401.8 million as of December 31, 2019 (\$360.6 million as of December 31, 2018). For the year ended December 31, 2019, the Corporation recorded \$45.2 million in amortization on its internally generated intangible assets (\$40.7 million in 2018 and \$44.9 million in 2017). The net carrying value of internally generated intangible assets was \$250.1 million as of December 31, 2019 (\$232.4 million as of December 31, 2018).

Spectrum licences are allocated to the Telecommunications CGU, broadcasting licences are allocated to the Broadcasting CGU, trademarks are allocated to the Telecommunications and Magazines CGUs, while sport franchises are allocated to the Sports and Entertainment CGU.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

15. RIGHT-OF-USE ASSETS

Changes in the net carrying amount of right-of-use assets, which mainly relates to leases of premises and vehicles, are as follows:

	2019	2018
	(restated, note 1(b))	
Cost		
Balance at beginning of year	\$ 320.3	\$ 327.8
Additions financed with lease obligations	33.9	17.1
Retirement and other	(12.6)	(24.6)
Balance at end of year	<u>341.6</u>	<u>320.3</u>
Accumulated depreciation		
Balance at beginning of year	184.7	168.8
Depreciation	38.1	38.9
Retirement and other	(12.1)	(23.0)
Balance at end of year	<u>210.7</u>	<u>184.7</u>
Net carrying amount	\$ 130.9	\$ 135.6

The Corporation do not recognize right-of-use assets and lease liabilities for short-term leases and leases of low value assets.

The net carrying amount includes right-of-use assets with the parent corporation of \$20.7 million as of December 31, 2019 (\$23.0 million as of December 31, 2018). The depreciation expense on leases with the parent Corporation was \$2.3 million in 2019 (\$2.3 million in 2018).

16. GOODWILL

For the years ended December 31, 2019 and 2018, changes in the net carrying amount of goodwill are as follows:

	2019	2018
Cost		
Balance at beginning of year	\$ 5,671.1	\$ 5,688.6
Business acquisitions	14.6	2.1
Reclassification to assets held for sale	—	(19.6)
Balance at end of year	<u>5,685.7</u>	<u>5,671.1</u>
Accumulated impairment losses		
Balance at beginning and at end of year	<u>2,992.8</u>	<u>2,992.8</u>
Net carrying amount	\$ 2,692.9	\$ 2,678.3

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

16.GOODWILL (continued)

The net carrying amount of goodwill as of December 31, 2019 and 2018 was allocated to the following significant CGU groups:

CGU groups	2019	2018
Telecommunications	\$ 2,656.1	\$ 2,656.1
Other ¹	36.8	22.2
Total	\$ 2,692.9	\$ 2,678.3

¹ Includes mainly the CGUs related to Film and television activities, Book publishing and distribution activities, and Sports and Entertainment activities.

Recoverable amounts

CGU recoverable amounts were determined based on the higher of a value in use or a fair value less costs of disposal with respect to the impairment tests performed. The Corporation uses the discounted cash flow method to estimate the recoverable amount, consisting of future cash flows derived primarily from the most recent budget and three-year strategic plan approved by the Corporation's management and presented to the Board of Directors. These forecasts considered each CGU's past operating performance and market share as well as economic trends, along with specific and market industry trends and corporate strategies. In particular, specific assumptions are used for each type of revenue generated by a CGU or for each nature of expenses, as well as for future capital expenditures. Such assumptions will consider, among many other factors, subscribers, readership and viewer statistics, advertising market trends, competitive landscape, evolution of products and services offerings, wireless penetration growth, proliferation of media platforms, technology evolution, broadcast programming strategy, bargaining agreements, Canadian GDP rates, and operating cost structures.

A perpetual growth rate is used for cash flows beyond the three-year strategic plan period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of (i) the time value of money, and (ii) the risk specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate was determined with regard to the specific markets in which the CGUs participate. In certain circumstances, the Corporation can also estimate the fair value less cost of disposal with a market approach that consists of estimating the recoverable amount by using multiples of operating performance of comparable entities, transaction metrics and other financial information available, instead of primarily using the discounted cash flow method. The following key assumptions were used to determine recoverable amounts in the most recent impairment tests performed on the Corporation's significant CGU groups:

CGU groups ¹	2019		2018	
	Pre-tax discount rate (WACC)	Perpetual growth rate	Pre-tax discount rate (WACC)	Perpetual growth rate
Telecommunications ²	9.0%	2.5%	9.0%	2.5%
Other	11.0 to 14.0	(1.0) to 2.0	11.5 to 16.5	0.0 to 2.0

¹ In 2019 and 2018, the recoverable amounts of all CGUs were based on value in use, using the discounted cash flow method.

² The same recoverable amount used in the 2018 annual impairment test was used in 2019. Accordingly, pre-tax discount rate and perpetual growth rate are the same in 2019 and 2018.

No reasonable changes in the discount rate or in the perpetual growth rate used in the most recent test performed would have caused the recoverable amount of the Telecommunication CGU to equal its carrying value.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

17. LOANS TO THE PARENT CORPORATION

On April 3, 2018, Quebecor entered into loan agreements with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$75.0 million non-revolving unsubordinated and unsecured loan and a \$75.0 million non-revolving subordinated and unsecured loan. The unsubordinated and subordinated loans bear interest at a rate of 5.25% and 5.50%, respectively, and mature in April 2021. As of December 31, 2019, and 2018, Quebecor drew down the full amount on the loans.

On June 29, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$262.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.50% and maturing in June 2021. As of December 31, 2019, and 2018, Quebecor drew down the full amount on the loan.

On July 23, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$87.1 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.50% and maturing in July 2021. As of December 31, 2019, and 2018, Quebecor drew down the full amount on the loan.

On September 28, 2018, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$175.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.75% and maturing in September 2021. As of December 31, 2019, Quebecor drew down the full amount on the loan (\$97.0 million in 2018).

On September 13, 2019, Quebecor entered into a loan agreement with the Corporation pursuant to which the Corporation makes available to Quebecor, by way of one or multiple drawdowns, a \$150.0 million non-revolving subordinated and unsecured loan, bearing interest at a rate of 5.00% and maturing in September 2022. As of December 31, 2019, Quebecor drew down \$27.0 million on the loan.

18. OTHER ASSETS

	2019	2018
Contract assets ¹	\$ 221.5	\$ 204.9
Audiovisual content	174.0	137.1
Contract costs ²	112.2	103.0
Other	74.8	48.4
	582.5	493.4
Less current portion of contract assets	(168.3)	(144.4)
Less current portion of audiovisual content (included in “Inventories”)	(119.3)	(94.1)
Less current portion of contract costs (included in “Other current assets”)	(54.5)	(53.4)
	\$ 240.4	\$ 201.5

¹ Impairment loss on contract assets resulting from mobile contracts being cancelled prior their initial term amounted to \$19.7 million in 2019 (\$25.8 million in 2018 and \$16.1 million in 2017), net of the early termination penalty charged to the customer. In current and comparative periods, there were no significant cumulative catch-up adjustments to revenue that affected the corresponding contract asset, including adjustments arising from a change in an estimate of the transaction price or a contract modification. There were also no significant changes in the time frame for a performance obligation to be satisfied.

² Amortization amounted to \$63.6 million in 2019 (\$63.2 million in 2018 and \$59.4 million in 2017).

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

19. ACCOUNTS PAYABLE, ACCRUED CHARGES AND PROVISIONS

	2019	2018
Trade and accruals	\$ 575.1	\$ 579.5
Salaries and employee benefits	145.8	139.0
Interest payable	56.5	49.9
Provisions	15.9	27.0
Stock-based compensation	11.7	18.9
	\$ 805.0	\$ 814.3

20. LONG-TERM DEBT

	Effective interest rate as of December 31, 2019	2019	2018
Quebecor Media			
Bank credit facility (i)	4.65%	\$ 9.0	\$ 451.7
Senior Notes (ii)		1,611.7	1,659.2
		1,620.7	2,110.9
Videotron (iii)			
Bank credit facility (iv)	3.28%	\$ 89.3	742.0
Senior Notes (ii)		4,173.0	3,502.4
		4,262.3	4,244.4
TVA Group (iii)			
Bank credit facility (v)	3.39%	\$ 44.9	52.9
Total long-term debt		5,927.9	6,408.2
Change in fair value related to hedged interest rate risk	9.1	2.5	
Financing fees, net of amortization	(37.6)	(35.7)	
	(28.5)	(33.2)	
		5,899.4	6,375.0
Less current portion		(44.9)	(56.6)
		\$ 5,854.5	\$ 6,318.4

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

20. LONG-TERM DEBT (continued)

- (i) The bank credit facility of Quebecor Media provides for a \$300.0 million secured revolving credit facility that matures in July 2022 and bears interest at Bankers' acceptance rate, LIBOR, Canadian prime rate or U.S. prime rate, plus a premium determined by the Corporation's leverage ratio. This credit facility contains covenants such as maintaining certain financial ratios, as well as limitations on the Corporation's ability to incur additional indebtedness, pay dividends, and make other distributions. It is secured by liens on all of the movable property and assets of the Corporation (primarily shares of its subsidiaries), now owned or hereafter acquired. As of December 31, 2019, the credit facility was secured by assets with a carrying value of \$1,727.4 million (\$1,714.6 million in 2018). An amount of \$9.0 million was drawn on the secured revolving credit facility as of December 31, 2019 (none as of December 31, 2018). An amount of \$451.7 million was outstanding as of December 31, 2018 on a term loan "B" prepaid in 2019 (note 8).
- (ii) The Senior Notes are unsecured and contain certain restrictions on the respective issuers, including limitations on their ability to incur additional indebtedness, pay dividends, or make other distributions. Some Notes are redeemable at the option of the issuer, in whole or in part, at a price based on a make-whole formula during the first five years of the term of the Notes and at a decreasing premium thereafter, while the remaining Notes are redeemable at a price based on a make-whole formula at any time prior to maturity. The Senior Notes issued by Videotron are guaranteed by specific subsidiaries of Videotron. The following table summarizes the terms of the outstanding Senior Notes as of December 31, 2019:

Principal amount	Annual nominal interest rate	Maturity date	Interest payable every 6 months on
Quebecor Media			
US\$ 850.0	5.750%	January 15, 2023	June and December 15
\$ 500.0	6.625%	January 15, 2023	June and December 15
Videotron			
US\$ 800.0	5.000%	July 15, 2022	January and July 15
US\$ 600.0	5.375%	June 15, 2024	June and December 15
\$ 400.0	5.625%	June 15, 2025	April and October 15
\$ 375.0	5.750%	January 15, 2026	March and September 15
US\$ 600.01	5.125%	April 15, 2027	April and October 15
\$ 800.02	4.500%	January 15, 2030	April and October 15

¹ The Notes were issued in April 2017 for net proceeds of \$794.5 million, net of financing fees of \$9.9 million.

² The Notes were issued in October 2019 for net proceeds of \$790.7 million, net of financing fees of \$9.3 million.

- (iii) The debts of these subsidiaries are non-recourse to Quebecor Media.
- (iv) The bank credit facility of Videotron provides for a \$1,500.0 million secured revolving credit facility that matures in July 2023 and bears interest at Bankers' acceptance rate, LIBOR, Canadian prime rate or U.S. prime rate, plus a premium determined by Videotron's leverage ratio. The bank credit facility is secured by a first ranking hypothec on the universality of all tangible and intangible assets, current and future, of Videotron and most of its wholly owned subsidiaries. As of December 31, 2019, the bank credit facility was secured by assets with a carrying value of \$8,062.9 million (\$7,748.9 million in 2018). The bank credit facility contains covenants such as maintaining certain financial ratios, as well as limitations on Videotron's ability to incur additional indebtedness, pay dividends, or make other distributions. As of December 31, 2019, \$89.3 million was drawn on the secured revolving credit facility (\$742.0 million was drawn as of December 31, 2018).

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

20. LONG-TERM DEBT (continued)

- (v) The bank credit facility of TVA Group provides for a secured revolving credit facility in the amount of \$150.0 million that matures in February 2020 and bears interest at Bankers' acceptance rate, LIBOR, Canadian prime rate or U.S. prime rate, plus a premium determined by TVA Group's leverage ratio. The bank credit facility contains covenants such as maintaining certain financial ratios, limitations on TVA Group's ability to incur additional indebtedness, pay dividends, or make other distributions. The credit facility is secured by liens on all of its movable assets and an immovable hypothec on its Head Office building. As of December 31, 2019, \$44.9 million was drawn on the revolving credit facility (none as of December 31, 2018). An amount of \$52.9 million was outstanding as of December 31, 2018 on a secured term loan repaid in 2019.

On February 21, 2020, TVA Group amended its secured revolving credit facility to extend its term from February 2020 to February 2021, to reduce the amount available for borrowing from \$150.0 million to \$75.0 million and to amend certain terms and conditions.

On December 31, 2019, the Corporation was in compliance with all debt covenants.

Principal repayments of long-term debt over the coming years are as follows:

	\$ 44.9
2020	—
2021	—
2022	1,048.2
2023	1,701.0
2024	779.4
2025 and thereafter	2,354.4

Changes in long-term debt are as follows:

	2019	2018
Balance at beginning of year	\$ 6,375.0	\$ 5,311.7
Net change under revolving facilities, net of financing fees	(595.6)	736.5
Issuance of long-term debt, net of financing fees	790.7	—
Repayment of long-term debt	(487.3)	(19.2)
Foreign currency translation	(198.2)	342.0
Amortization of financing fees and long-term debt discount	7.9	6.8
Change in fair value related to hedged interest rate risk	6.6	(3.3)
Other	0.3	0.5
Balance at end of year	\$ 5,899.4	\$ 6,375.0

Table of Contents

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

21. LEASE LIABILITIES

Changes in lease liabilities are as follows:

	2019	2018
	(restated, note 1(b))	
Balance at beginning of year	\$ 179.5	\$ 205.2
Lease obligations financing right-of-use assets	33.9	17.1
Repayments	(41.9)	(42.3)
Other	(1.0)	(0.5)
Balance at end of year	\$ 170.5	\$ 179.5

Lease liabilities with the parent corporation amounted to \$32.7 million as of December 31, 2019 (\$35.0 million in 2018).

Interest rates on lease liabilities ranged from 0.6% to 9.3% as of December 31, 2019 and 2018.

Repayments of lease liabilities over the coming years are as follows:

2020	\$ 34.0
2021	26.1
2022	20.5
2023	17.6
2024	13.0
2025 and thereafter	59.3

22. OTHER LIABILITIES

	2019	2018	
		(restated, note 1(b))	
Defined benefit plans	31	\$ 209.5	\$ 153.3
Contingent considerations and future conditional adjustments		57.4	—
Other		65.3	88.9
		\$ 332.2	\$ 242.2

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

23. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Common Shares, without par value;

An unlimited number of non-voting Cumulative First Preferred Shares, without par value; the number of preferred shares in each series and the related characteristics, rights and privileges are determined by the Board of Directors prior to each issue:

An unlimited number of Cumulative First Preferred Shares, Series A (“Preferred A Shares”), carrying a 12.5% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of Cumulative First Preferred Shares, Series B (“Preferred B Shares”), carrying a fixed cumulative preferential dividend generally equivalent to the Corporation’s credit facility interest rate, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of Cumulative First Preferred Shares, Series C (“Preferred C Shares”), carrying an 11.25% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of Cumulative First Preferred Shares, Series D (“Preferred D Shares”), carrying an 11.0% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of Cumulative First Preferred Shares, Series F (“Preferred F Shares”), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of Cumulative First Preferred Shares, Series G (“Preferred G Shares”), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of non-voting Preferred Shares, Series E (“Preferred E Shares”), carrying a non-cumulative dividend subsequent to the holders of Cumulative First Preferred Shares, redeemable at the option of the holder and retractable at the option of the Corporation.

(b) Issued and outstanding capital stock

	Common Shares	
	Number	Amount
Balance as of December 31, 2017	95,441,277	\$ 3,630.8
Repurchase of shares	(16,064,215)	(611.1)
Balance as of December 31, 2019 and 2018	79,377,062	\$ 3,019.7

On May 11 and June 22, 2018, Quebecor Media repurchased a total of 16,064,215 of its Common Shares held by CDP Capital d’Amérique Investissements inc. (“CDP Capital”), for a total aggregate purchase price of \$1.54 billion, paid in cash. All repurchased shares were cancelled. The excess of \$928.9 million of the purchase price over the carrying value of Common Shares repurchased were recorded in increase of the deficit. Cash on hand and drawings under the Videotron secured revolving credit facility were used to finance the Corporation Common Shares repurchase.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS

(a) Quebecor plans

(i) Stock option plan

Under a stock option plan established by the parent Corporation, 26,000,000 Quebecor Class B Shares have been set aside for directors, officers, senior employees, and other key employees of Quebecor and the Corporation. The exercise price of each option is equal to the weighted average trading price of Quebecor Class B Shares on the Toronto Stock Exchange over the last five trading days immediately preceding the granting of the option. Each option may be exercised during a period not exceeding 10 years from the date granted. As per the provisions of the plan, options usually vest as follows: 1/3 after one year, 2/3 after two years, and 100% three years after the original grant. The Board of Directors of the parent Corporation may, at its discretion, affix different vesting periods at the time of each grant. Holders of options under the stock option plan have the choice, when they exercise their options, of acquiring the Class B Shares at the corresponding option exercise price, or receiving a cash payment equivalent to the difference between the market value of the underlying shares and the exercise price of the option. Holders of options have committed to obtain the consent of the parent corporation before exercising their right to subscribe the shares for which they exercise their options.

The following table gives details on changes to outstanding options for the years ended December 31, 2019 and 2018:

	2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance at beginning of year	1,562,892	\$ 23.40	440,000	\$ 12.31
Granted	1,343,250	31.61	1,242,892	26.52
Transferred ¹	290,000	13.24	—	—
Exercised	(590,000)	11.72	(100,000)	12.75
Cancelled	(201,250)	28.57	(20,000)	26.52
Balance at end of year	2,404,892	\$ 29.20	1,562,892	\$ 23.40
Vested options at end of year	—	\$ —	340,000	\$ 12.17

¹ These options were transferred from the parent corporation. The fair value of the liability at the transfer date is assumed by the parent corporation, while subsequent changes in the fair value is assumed by the Corporation.

During the year ended December 31, 2019, 590 000 stock options of Quebecor were exercised for a cash consideration of \$6.3 million (100,000 stock options for \$1.2 million in 2018).

As of December 31, 2019, exercise prices of all outstanding options are from \$26.52 to \$32.20 and the average of years to maturity is 9.1.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS (continued)

(a) Quebecor plans (continued)

(ii) Deferred share unit plan

The Quebecor DSU plan is for the benefit of Quebecor and the Corporation's directors. Under this plan, each director receives a portion of his/her compensation in the form of DSUs, such portion representing at least 50% of the annual retainer which could be less upon reaching the minimum shareholding threshold set out in the policy regarding the minimum shareholding by directors. Subject to certain conditions, each director may elect to receive up to 100% of the total fees payable for services as a director in the form of units. The value of a DSU is based on the weighted average trading price of Quebecor Class B Shares on the Toronto Stock Exchange over the last five trading days immediately preceding the relevant date. DSUs will entitle the holders thereof to dividends, which will be paid in the form of additional units at the same rate as that applicable to dividends paid from time to time on Quebecor Class B Shares. Subject to certain limitations, the DSUs will be redeemed by the Corporation when the director ceases to serve as a director of the Corporation. For the purpose of redeeming units, the value of a DSU shall correspond to the fair market value of Quebecor Class B Shares on the date of redemption. As of December 31, 2019, the total number of DSUs outstanding under this plan was 124,875.

(b) Quebecor Media stock option plan

Under a stock option plan established by the Corporation, 6,180,140 Common Shares of Quebecor Media have been set aside for officers, senior employees, directors, and other key employees of Quebecor Media. Each option may be exercised within a maximum period of 10 years following the date of grant at an exercise price not lower than, as the case may be, the fair market value of the Common Shares of Quebecor Media at the date of grant, as determined by its Board of Directors (if the Common Shares of Quebecor Media are not listed on a stock exchange at the time of the grant), or the five-day weighted average market price ending on the day preceding the date of grant of the Common Shares of the Corporation on the stock exchange(s) where such shares are listed at the time of grant. As long as the Common Shares of Quebecor Media are not listed on a recognized stock exchange, optionees may exercise their vested options during one of the following periods: from March 1 to March 30, from June 1 to June 29, from September 1 to September 29, and from December 1 to December 30. Holders of options under the plan have the choice at the time of exercising their options of receiving an amount in cash (equal to the difference between either the five-day weighted average market price ending on the day preceding the date of exercise of the Common Shares of the Corporation on the stock exchange(s) where such shares are listed at the time of exercise, or the fair market value of the Common Shares, as determined by the Corporation's Board of Directors, and the exercise price of their vested options) or, subject to certain stated conditions, exercise their options to purchase Common Shares of Quebecor Media at the exercise price. Except under specific circumstances, and unless the Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by the Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first 33 1/3% vesting on the third anniversary of the date of grant.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS (continued)

(b) Quebecor Media stock option plan (continued)

The following table gives details on changes to outstanding options granted as of December 31, 2019 and 2018:

	2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance at beginning of year	318,400	\$ 64.61	595,827	\$ 62.84
Exercised	(147,400)	62.41	(263,227)	60.31
Cancelled	(41,800)	69.91	(14,200)	70.06
Balance at end of year	129,200	\$ 65.41	318,400	\$ 64.61
Vested options at end of year	97,550	\$ 63.74	170,500	\$ 61.07

During the year ended December 31, 2019, 147,400 of the Corporation's stock options were exercised for a cash consideration of \$7.4 million (263,227 stock options for \$10.7 million in 2018).

As of December 31, 2019, exercise prices of all outstanding options are from \$50.01 to \$70.56 and the average of years to maturity is 4.5.

[Table of Contents](#)**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS (continued)**(c) TVA Group stock option plan**

Under this stock option plan, 2,200,000 TVA Group Class B Shares have been set aside for senior executives and directors of TVA Group and its subsidiaries. The terms and conditions of options granted are determined by TVA Group's Human Resources and Corporate Governance Committee. The subscription price of an option cannot be less than the closing price of TVA Group Class B Shares on the Toronto Stock Exchange the day before the option is granted. Unless the Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by the Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first 33 1/3% vesting on the third anniversary of the date of grant. The term of an option cannot exceed 10 years. Holders of options under the plan have the choice, at the time of exercising their options, of receiving a cash payment from TVA Group equal to the number of shares corresponding to the options exercised, multiplied by the difference between the market value of the TVA Group Class B Shares and the exercise price of the option or, subject to certain conditions, exercise their options to purchase TVA Group Class B Shares at the exercise price. The market value is defined as the average closing market price of the TVA Group Class B Shares for the last five trading days preceding the date on which the option was exercised. Holders of options have committed to obtain the consent of TVA Group before exercising their right to subscribe the shares for which they exercise their options.

The following table gives details on changes to outstanding options for the years ended December 31, 2019 and 2018:

	2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance at beginning of year	340,000	\$ 2.99	60,000	\$ 6.85
Granted	290,000	2.05	280,000	2.16
Cancelled	(115,000)	3.13	—	—
Balance at end of year	515,000	\$ 2.43	340,000	\$ 2.99
Vested options at end of year	28,000	\$ 6.85	36,000	\$ 6.85

As of December 31, 2019, exercise prices of all outstanding options are from \$2.05 to \$6.85 and the average of years to maturity is 8.8.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS (continued)

(d) Deferred share unit and performance share unit plans

Quebecor established a DSU plan and PSU plan for its employees and those of its subsidiaries based on Quebecor Class B Shares and, in the case of the DSU plan, also on TVA Group Class B Shares. TVA Group also established a DSU plan and a PSU plan for its employees based on TVA Group Class B Shares. The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. No treasury shares will be issued for the purposes of these plans.

As of December 31, 2019, 147,309 DSUs based on Quebecor Class B Shares, 223,653 DSUs based on TVA Group Class B Shares, 108,467 PSUs based on Quebecor Class B Shares and 131,129 PSUs based on TVA Group Class B Shares were outstanding under these plans. A cash consideration of \$4.7 million was paid upon PSUs redemption in 2019.

(e) Assumptions in estimating the fair value of stock-based awards

The fair value of stock-based awards under the stock option plans of the parent corporation, Quebecor Media and TVA Group was estimated using the Black-Scholes option pricing model. The following weighted-average assumptions were used to estimate the fair value of all outstanding stock options under the stock option plans:

<u>December 31, 2019</u>	<u>Quebecor</u>	<u>Quebecor Media</u>	<u>TVA Group</u>
Risk-free interest rate	1.80%	1.79%	1.80%
Distribution yield	1.35%	1.00%	—%
Expected volatility	17.94%	14.53%	51.81%
Expected remaining life	5.1 years	1.1 years	4.9 years

<u>December 31, 2018</u>	<u>Quebecor</u>	<u>Quebecor Media</u>	<u>TVA Group</u>
Risk-free interest rate	2.05%	1.97%	2.06%
Distribution yield	0.77%	1.13%	—%
Expected volatility	17.93%	16.11%	47.07%
Expected remaining life	4.8 years	1.5 years	5.2 years

Except for Quebecor Media, the expected volatility is based on the historical volatility of the underlying share price for a period equivalent to the expected remaining life of the options. Since the Common Shares of Quebecor Media are not publicly traded on a stock exchange, expected volatility is derived from the implied volatility of Quebecor's stock. The expected remaining life of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate over the expected remaining life of the option is based on the Government of Canada yield curve in effect at the time of the valuation. Distribution yield is based on the current average yield.

(f) Liability of vested options

As of December 31, 2019, the liability for all vested options was \$6.0 million as calculated using the intrinsic value (\$14.2 million as of December 31, 2018).

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

24. STOCK-BASED COMPENSATION PLANS (continued)

(g) Consolidated stock-based compensation charge

For the year ended December 31, 2019, a consolidated charge related to all stock-based compensation plans was recorded in the amount of \$11.4 million (\$15.6 million in 2018 and \$15.4 million in 2017).

25. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2016	\$ (86.2)	\$ (43.3)	\$ (129.5)
Other comprehensive income (loss)	71.7	(2.6)	69.1
Balance as of December 31, 2017	(14.5)	(45.9)	(60.4)
Other comprehensive loss	(15.8)	(5.1)	(20.9)
Balance as of December 31, 2018	(30.3)	(51.0)	(81.3)
Other comprehensive income (loss)	70.6	(51.2)	19.4
Balance as of December 31, 2019	\$ 40.3	\$ (102.2)	\$ (61.9)

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivative financial instruments designated as cash flow hedges. The balance is expected to reverse over a 7 1/4-year period.

26. COMMITMENTS

The Corporation has entered into long-term commitments to purchase services, tangible and intangible assets, broadcasting rights, and to pay licences and royalties. The minimum payments for the coming years are as follows:

2020	\$ 462.8
2021 to 2024	787.3
2025 and thereafter	422.2

[Table of Contents](#)

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

27. GUARANTEES

In the normal course of business, the Corporation enters into numerous agreements containing guarantees, including the following:

Business and asset disposals

In the sale of all or part of a business or an asset, in addition to possible indemnification relating to failure to perform covenants and breach of representations or warranties, the Corporation may agree to indemnify against claims related to the past conduct of the business. Typically, the term and amount of such indemnification will be limited by the agreement. The nature of these indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay to guaranteed parties. The Corporation has not accrued any amount in respect of these items in the consolidated balance sheets.

Outsourcing companies and suppliers

In the normal course of its operations, the Corporation enters into contractual agreements with outsourcing companies and suppliers. In some cases, the Corporation agrees to provide indemnifications in the event of legal procedures initiated against them. In other cases, the Corporation provides indemnification to counterparties for damages resulting from the outsourcing companies and suppliers. The nature of the indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay. No amount has been accrued in the consolidated balance sheet with respect to these indemnifications.

28. CONTINGENCIES

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management of the Corporation is in the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position.

There are also a number of other legal proceedings against the Corporation that are pending. Generally, management of the Corporation establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to those provisions

On August 15, 2019, the CRTC issued an order finalizing the rates, retroactively to March 31, 2016, by which the large cable and telephone companies provide aggregated wholesale access to their high-speed internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation consolidated financial statements. The new proposed rates are substantially lower than interim rates and could represent a retrospective reduction in earnings of approximately \$22.0 million (before income taxes) in 2019 and approximately \$30.0 million (before income taxes) from March 31, 2016 to December 31, 2018. On September 13, 2019, a coalition of cable companies (including Videotron) and Bell Canada filed separate appeals of the CRTC's order with the Federal Court of Appeal arguing, among other things, that the order is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. The cable companies and Bell Canada also filed separate requests to stay the implementation of the order pending disposition of their appeals. On November 22, 2019, the leave to appeal was granted by the Federal Court of Appeal and the interim stay of the CRTC's order granted by this court on September 27, 2019, was extended until a final ruling by the Federal Court of Appeal is made. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's financial risk-management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies are reviewed regularly to reflect changes in market conditions and in the Corporation's activities.

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, and derivative financial instruments. As a result of its use of financial instruments, the Corporation is exposed to credit risk, liquidity risk and market risks relating to foreign exchange fluctuations and interest rate fluctuations.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency and (ii) to achieve a targeted balance of fixed- and floating-rate debts. The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

(a) Description of derivative financial instruments

- (i) Foreign exchange forward contracts

Maturity	CAN dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Videotron			
Less than 1 year	1.3195	\$ 139.2	US\$ 105.5

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Description of derivative financial instruments (continued)

(ii) Cross-currency interest rate swaps

Hedged item	Period covered	Hedging instrument			CAN dollar exchange rate on interest and capital payments per one U.S. dollar
		Notional amount	Annual interest rate on notional amount in CAN dollars	Bankers' acceptance 3 months	
Quebecor Media					
5.750% Senior Notes due 2023	2016 to 2023	US\$ 431.3	7.27%	+ 2.67%	0.9792
5.750% Senior Notes due 2023	2012 to 2023	US\$ 418.7	6.85%	+ 2.67%	0.9759
Videotron					
5.000% Senior Notes due 2022	2014 to 2022	US\$ 543.1	6.01%	+ 2.67%	0.9983
5.000% Senior Notes due 2022	2012 to 2022	US\$ 256.9	5.81%	+ 2.67%	1.0016
5.375% Senior Notes due 2024	2014 to 2024	US\$ 158.6	5.62%	+ 2.67%	1.1034
5.375% Senior Notes due 2024	2017 to 2024	US\$ 441.4	5.62%	+ 2.67%	1.1039
5.125% Senior Notes due 2027	2017 to 2027	US\$ 600.0	4.82%	+ 2.67%	1.3407

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value of financial instruments

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation considers the following fair value hierarchy which reflects the significance of the inputs used in measuring its financial instruments:

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 that are not based on observable market data (unobservable inputs).

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized in the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates (Level 2 inputs). An adjustment is also included to reflect non-performance risk impacted by the financial and economic environment prevailing at the date of the valuation in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

The carrying value and fair value of long-term debt and derivative financial instruments as of December 31, 2019 and 2018 are as follows:

Asset (liability)	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt¹	\$ (5,927.9)	\$ (6,317.7)	\$ (6,408.2)	\$ (6,391.5)
Derivative financial instruments²				
Foreign exchange forward contracts	(2.1)	(2.1)	6.7	6.7
Cross-currency interest rate swaps	679.8	679.8	880.3	880.3

¹ The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest risk and financing fees.

² The fair value of derivative financial instruments designated as cash flow hedges is an asset position of \$635.5 million as of December 31, 2019 (\$840.6 million in 2018) and the fair value of derivative financial instruments designated as fair value hedges is an asset position of \$42.2 million as of December 31, 2019 (\$46.4 million in 2018).

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2019, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2019, the provision for expected credit losses represented 2.5% of the gross amount of accounts receivable and contract assets (2.7% as of December 31, 2018), while 7.2% of trade receivable were 90 days past their billing date (11.7% as of December 31, 2018).

The following table shows changes to the provision for expected credit losses for the years ended December 31, 2019 and 2018:

	2019	2018
Balance at beginning of year	\$ 20.5	\$ 21.1
Changes in expected credit losses charged to income	18.8	19.6
Write-off	(19.7)	(20.2)
Balance at end of year	\$ 19.6	\$ 20.5

The Corporation believes that its product lines and the diversity of its customer base are instrumental in reducing its credit risk, as well as the impact of fluctuations in product-line demand. The Corporation does not believe that it is exposed to an unusual level of customer credit risk.

As a result of its use of derivative financial instruments, the Corporation is exposed to the risk of non-performance by a third party. When the Corporation enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with the Corporation's risk-management policy and are subject to concentration limits. These credit ratings and concentration limits are monitored on an ongoing basis, but at least quarterly.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due or the risk that those financial obligations will have to be met at excessive cost. The Corporation manages this exposure through staggered debt maturities. The weighted average term of the Corporation's consolidated debt was approximately 5.3 years as of December 31, 2019 (5.1 years as of December 31, 2018).

The Corporation's management believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions, share repurchases, dividends or distributions to shareholders. The Corporation has access to cash flows generated by its subsidiaries through dividends (or distributions) and cash advances paid by its wholly owned subsidiaries.

As of December 31, 2019, material contractual obligations related to financial instruments included capital repayment and interest on long-term debt and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. These obligations and their maturities are as follows:

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Bank indebtedness	\$ 28.8	\$ 28.8	\$ —	\$ —	\$ —
Accounts payable and accrued charges	789.1	789.1	—	—	—
Long-term debt ¹	5,927.9	44.9	1,048.2	2,480.4	2,354.4
Interest payments on long-term debt ²	1,477.5	244.8	599.5	303.3	329.9
Lease liabilities	170.5	34.0	46.6	30.6	59.3
Interest payments on lease liabilities	55.0	8.7	13.0	9.0	24.3
Derivative financial instruments ³	(607.8)	1.6	(236.6)	(397.8)	25.0
Total	\$ 7,841.0	\$ 1,151.9	\$ 1,470.7	\$ 2,425.5	\$ 2,792.9

¹ The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest rate risk and financing fees.

² Estimate of interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of December 31, 2019.

³ Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging on principal of debt denominated in U.S. dollars.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates, interest rates and/or equity prices will affect the value of the Corporation's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

Most of the Corporation's consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways and mobile devices and certain capital expenditures, are received or denominated in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.-dollar-denominated debt obligations outstanding as of December 31, 2019, and to hedge its exposure on certain purchases of set-top boxes, gateways and mobile devices and capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a variance of \$0.10 in the year-end exchange rate of a CAN dollar per one U.S. dollar used to calculate the fair value of financial instruments as of December 31, 2019 is as follows:

<u>Increase (decrease)</u>	<u>Income</u>	<u>Other comprehensive income</u>
Increase of \$0.10	\$ 1.2	\$ 38.8
Decrease of \$0.10	<u>(1.2)</u>	<u>(38.8)</u>

A variance of \$0.10 in the 2019 average exchange rate of CAN dollar per one U.S. dollar would have resulted in a variance of \$2.9 million on the value of unhedged purchases of goods and services and \$6.6 million on the value of unhedged acquisitions of tangible and intangible assets in 2019.

Interest rate risk

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate, and (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2019, after taking into account the hedging instruments, long-term debt was comprised of 94.0% fixed-rate debt (76.2% in 2018) and 6.0% floating-rate debt (23.8% in 2018).

The estimated sensitivity on interest payments, of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2019 was \$3.2 million.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

Interest rate risk (continued)

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a 100 basis-point variance in the discount rate used to calculate the fair value of financial instruments as of December 31, 2019, as per the Corporation's valuation models, is as follows:

Increase (decrease)	Income	Other comprehensive income
Increase of 100 basis points	\$ (1.5)	\$ (18.0)
Decrease of 100 basis points	1.5	18.0

(f) Capital management

The Corporation's primary objective in managing capital is to maintain an optimal capital base in order to support the capital requirements of its various businesses, including growth opportunities.

In managing its capital structure, the Corporation takes into account the asset characteristics of its subsidiaries and planned requirements for funds, leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of financing. Management of the capital structure involves the issuance and repayment of debt, the repurchase of shares, the use of cash flows generated by operations, and the level of distributions to shareholders. The Corporation has not significantly changed its strategy regarding the management of its capital structure since the last financial year.

The Corporation's capital structure is composed of equity, bank indebtedness, long-term debt, lease liabilities, derivative financial instruments, cash and cash equivalents and loans to the parent Corporation. The capital structure as of December 31, 2019 and 2018 is as follows:

	2019	2018
Bank indebtedness	\$ 28.8	\$ 24.3
Long-term debt	5,899.4	6,375.0
Lease liabilities	170.5	179.5
Derivative financial instruments	(677.7)	(887.0)
Cash and cash equivalents	(14.0)	(21.0)
Loans to the parent corporation	(701.1)	(596.1)
Net liabilities	4,705.9	5,074.7
Equity	<u>\$ 2,027.8</u>	<u>\$ 1,406.4</u>

The Corporation is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its borrowing agreements, which relate, among other things, to permitted investments, inter-corporation transactions, and the declaration and payment of dividends or other distributions.

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel comprises members of the Board of Directors and key senior managers of the Corporation and its main subsidiaries. Their compensation is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries and short-term benefits	\$ 10.2	\$ 9.9	\$ 9.1
Share-based compensation	4.1	5.4	5.9
Other long-term benefits	1.3	1.2	8.5
	<u>\$ 15.6</u>	<u>\$ 16.5</u>	<u>\$ 23.5</u>

Operating transactions

During the year ended December 31, 2019, the Corporation incurred expenses with affiliated companies in the amount of \$7.0 million (none in 2018 and 2017), which are included in purchase of goods and services. The Corporation made sales to an affiliated corporation in the amount of \$3.8 million (\$2.8 million in 2018 and 2017). These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis.

Management arrangements

The parent corporation has entered into management arrangements with the Corporation. Under these management arrangements, the parent corporation and the Corporation provide management services to each other on a cost-reimbursement basis. The expenses subject to reimbursement include the salaries of the Corporation's executive officers, who also serve as executive officers of the parent corporation. In 2019, the Corporation received an amount of \$2.4 million, which is included as a reduction in employee costs (\$2.4 million in 2018 and \$2.2 million 2017), and incurred management fees of \$2.2 million (\$2.5 million in 2018 and \$2.7 million in 2017) with shareholders. These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis.

Tax transactions

In 2019, the parent corporation transferred \$59.0 million of non-capital losses (\$54.2 million in 2018 and none in 2017) to the Corporation in exchange for a cash consideration of \$14.9 million (\$13.9 million in 2018 and none in 2017). These transactions were accounted for at the consideration agreed between the parties and were concluded on terms equivalent to those that prevail on an arm's length basis.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

31. PENSION PLANS AND POSTRETIREE BENEFITS

The Corporation maintains various flat-benefit plans, various final-pay plans with indexation features from zero to 2%, as well as defined contribution plans. The Corporation also provides postretirement benefits to eligible retired employees. The Corporation's pension plans are registered with a provincial or federal regulatory authority.

The Corporation's funding policy for its funded pension plans is to maintain its contribution at a level sufficient to cover benefits and to meet requirements of the applicable regulations and plan provisions that govern the funding of the plans. These provisions establish, among others, the future amortization payments when the funding ratio of the pension plans is insufficient as defined by the relevant provincial and federal laws. Payments are determined by an actuarial report performed by an independent company at least every three years or annually, according to the applicable laws and in accordance with plan provisions.

By their design, the defined benefit plans expose the Corporation to the typical risks faced by defined benefit plans, such as investment performance, changes to the discount rates used to value the obligation, longevity of plan participants, and future inflation. The administration of the plans is assured by pension committees composed of members of the plans, members of the Corporation's management and independent members or by the Corporation, in accordance with the provisions of each plan. Under the Corporation's rules of governance, the approval and oversight of the defined benefit plan policies are performed at different levels through the pension committees, the Corporation's management, or the Audit Committee. The risk management of pension plans is also performed under the leadership of these committees at various levels. The custody of securities and management of security transactions are assigned to trustees within a mandate given by the pension committees or the Corporation, as the case may be. Policies include those on investment objectives, risk-mitigation strategies and the mandate to hire investment fund managers and monitor their work and performance. The defined benefit pension plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and the Corporation's funding requirement.

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

31. PENSION PLANS AND POSTRETIREE BENEFITS (continued)

The following tables show a reconciliation of the changes in the plans' benefit obligations and the fair value of plan assets for the years ended December 31, 2019 and 2018:

	Pension benefits		Postretirement benefits	
	2019	2018	2019	2018
Change in benefit obligations				
Benefit obligations at the beginning of the year	\$ 1,283.2	\$ 1,320.4	\$ 71.4	\$ 60.5
Service costs	30.4	36.4	2.3	2.1
Interest costs	51.4	46.0	2.6	2.8
Plan participants' contributions	10.0	11.1	—	—
Actuarial loss (gain) arising from:				
Financial assumptions	167.4	(75.7)	14.1	20.5
Demographic assumptions	6.4	—	0.3	(12.3)
Participant experience	(3.4)	(1.1)	(3.0)	(0.5)
Benefits and settlements paid	(66.7)	(55.1)	(1.6)	(1.7)
Plan amendments and other	1.9	1.2	(23.2)	—
Benefit obligations at the end of the year	\$ 1,480.6	\$ 1,283.2	\$ 62.9	\$ 71.4
Change in plan assets				
Fair value of plan assets at the beginning of the year	\$ 1,217.3	\$ 1,267.3	\$ —	\$ —
Actual return on plan assets	155.9	(37.5)	—	—
Employer contributions	31.6	34.0	1.6	1.7
Plan participants' contributions	10.0	11.1	—	—
Administrative fees	(2.4)	(2.5)	—	—
Benefits and settlements paid	(66.7)	(55.1)	(1.6)	(1.7)
Fair value of plan assets at the end of the year	\$ 1,345.7	\$ 1,217.3	\$ —	\$ —

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

31. PENSION PLANS AND POSTRETIREE BENEFITS (continued)

As of December 31, 2019, the weighted average duration of defined benefit obligations was 15.5 years (15.6 years in 2018). The Corporation expects future benefit payments of \$62.3 million in 2020.

The investment strategy for plan assets takes into account a number of factors, including the time horizon of the pension plans' obligations and the investment risk. For each of the plans, an allocation range by asset class is developed, whereby a mix of equities and fixed-income investments is used to optimize the risk-return profile of plan assets and to mitigate asset-liability mismatch.

Plan assets are comprised of:

	2019	2018
Equity securities:		
Canadian	16.5%	21.1%
Foreign	25.4	31.2
Debt securities	57.4	46.6
Other	0.7	1.1
	100.0%	100.0%

The fair value of equity and debt securities is based on quoted prices in an active market, while the fair value of other investments is not based on quoted prices in an active market.

Where funded plans have a net defined benefit asset, the Corporation determines if potential reductions in future contributions are permitted by applicable regulations and by collective bargaining agreements. When a defined benefit asset is created, it cannot exceed the future economic benefit that the Corporation can expect to obtain from the asset. The future economic benefit represents the value of reductions in future contributions and expenses payable to the pension fund. It does not reflect gains that could be generated in the future that would allow reductions in contributions by the Corporation. When there is a minimum funding requirement, this could also limit the amounts recognized in the balance sheet. A minimum funding requirement represents the present value of amortization payments based on the most recent actuarial financing reports filed.

The reconciliation of funded status to the net amount recognized in the consolidated balance sheets is as follows:

	Pension benefits		Postretirement benefits	
	2019	2018	2019	2018
Benefit obligations	\$ (1,480.6)	\$ (1,283.2)	\$ (62.9)	\$ (71.4)
Fair value of plan assets	1,345.7	1,217.3	—	—
Plan deficit	(134.9)	(65.9)	(62.9)	(71.4)
Asset limit and minimum funding adjustment	(11.7)	(16.0)	—	—
Net amount recognized¹	\$ (146.6)	\$ (81.9)	\$ (62.9)	\$ (71.4)

¹ The net liability recognized for 2019 is \$209.5 million (\$153.3 million in 2018) and is included in "Other Liabilities" (note 22).

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

31. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Components of re-measurements are as follows:

	Pension benefits			Postretirement benefits		
	2019	2018	2017	2019	2018	2017
Actuarial (loss) gain on benefit obligations	\$ (170.4)	\$ 76.8	\$ (78.0)	\$ (11.4)	\$ (7.7)	\$ 15.8
Actual return on plan assets, less interest						
income anticipated in the interest on the net defined benefit liability calculation	107.9	(80.9)	59.1	—	—	—
Asset limit and minimum funding adjustment	4.9	5.0	(0.1)	—	—	—
Re-measurements (loss) gain recorded in other comprehensive income	\$ (57.6)	\$ 0.9	\$ (19.0)	\$ (11.4)	\$ (7.7)	\$ 15.8

Components of the net benefit costs are as follows:

	Pension benefits			Postretirement benefits		
	2019	2018	2017	2019	2018	2017
Employee costs:						
Service costs	\$ 30.4	\$ 36.4	\$ 33.9	\$ 2.3	\$ 2.1	\$ 1.9
Plan amendments, administrative fees and other	4.4	3.7	3.0	(23.2)	—	—
Interest on net defined benefit liability	4.2	3.4	2.9	2.6	2.8	2.9
Net benefit costs (gain)	\$ 39.0	\$ 43.5	\$ 39.8	\$ (18.3)	\$ 4.9	\$ 4.8

Table of Contents

QUEBECOR MEDIA INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

31. PENSION PLANS AND POSTRETIREE BENEFITS (continued)

The expense related to defined contribution pension plans amounted to \$19.6 million in 2019 (\$19.8 million in 2018 and \$17.6 million in 2017).

The expected employer contributions to the Corporation's defined benefit pension plans and post-retirement benefit plans will be \$32.8 million in 2020, based on the most recent financial actuarial reports filed (contributions of \$33.2 million were paid in 2019).

Assumptions

The Corporation determines its assumption for the discount rate to be used for purposes of computing annual service and interest costs based on an index of high-quality corporate bond-yield and matched-funding yield curve analysis as of the measurement date.

The actuarial assumptions used in measuring the Corporation's benefit obligations as of December 31, 2019, 2018 and 2017 and current periodic benefit costs are as follows:

	Pension and postretirement benefits		
	2019	2018	2017
Benefit obligations			
Rates as of year-end:			
Discount rate	3.10%	3.90%	3.50%
Rate of compensation increase	3.00	3.00	3.00
Current periodic costs			
Rates as of preceding year-end:			
Discount rate	3.90%	3.50%	3.90%
Rate of compensation increase	3.00	3.00	3.00

The assumed average retirement age of participants used ranged from 59 to 62 years.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligations was 7.60% at the end of 2019. These costs, as per the estimate, are expected to decrease gradually over the next 8 years to 5.50% and to remain at that level thereafter.

Sensitivity analysis

An increase of 10 basis points in the discount rate would have decreased the pension benefits obligation by \$21.3 million and the postretirement benefits obligation by \$1.3 million as of December 31, 2019. There are limitations to this sensitivity analysis since it only considers the impacts of an increase of 10 basis points in the discount rate assumption without changing any other assumptions. No sensitivity analysis was performed on other assumptions as a similar change to those assumptions would not have a significant impact on the consolidated financial statements.

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

32. DISCONTINUED OPERATIONS

On January 24, 2019, Videotron sold its 4Degrees Colocation Inc. data centers operations for an amount of \$261.6 million which was fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by Videotron. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of \$97.2 million, net of income taxes of \$18.5 million, was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments.

As a result of this transaction, tax benefits of \$18.5 million, on previous years' capital losses, were recognized in the consolidated statement of income in 2018.

In 2017, a gain of \$14.6 million, was accounted for mainly for digital credits in connection with the English-language newspaper operations sold in 2015.

The results of operations and cash flows of these businesses were reclassified as discontinued operations in the consolidated statement of income and cash flows are as follows:

	2019	2018	2017
Revenues	\$ 1.5	\$ 19.8	\$ 19.7
Expenses	1.2	14.6	14.8
Income taxes	—	1.4	1.3
Gain on disposal of businesses, net of income taxes	97.2	—	(14.6)
Income from discontinued operations	\$ 97.5	\$ 3.8	\$ 18.2
	2019	2018	2017
Cash flows related to operating activities	\$ (0.7)	\$ 10.4	\$ 20.4
Cash flows related to investing activities	—	(1.9)	(3.5)
Cash flows (used in) provided by discontinued operations	\$ (0.7)	\$ 8.5	\$ 16.9

Components of assets and liabilities classified as held for sale in the consolidated balance sheet are as follows:

	2018
Current assets	\$ 1.3
Property, plant and equipment	72.5
Intangible assets and goodwill	21.2
Assets held for sale	95.0
Current liabilities held for sale	(6.6)
Net assets held for sale	\$ 88.4

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

33. NON-CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION

The Corporation has access to the cash flows generated by its subsidiaries by way of distributions from its public subsidiaries and distributions and advances from its private subsidiaries. However, some of the Corporation's subsidiaries have restrictions, based on contractual debt obligations and corporate solvency tests, regarding the amounts of distributions and advances that can be paid to the Corporation.

The U.S Securities and Exchange Commission requires that the non-consolidated financial statements of the parent corporation be presented when its subsidiaries have restrictions that may limit the amount of cash that can be paid to the parent corporation. These non-consolidated and condensed financial statements, as prepared under IFRS, are shown below.

Non-consolidated condensed statements of income and comprehensive income

	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Revenues			
Distributions in excess of the investments in subsidiaries	\$ 311.7	\$ 503.3	\$ —
Dividends	266.0	113.0	295.0
Management fees	56.4	59.2	58.8
Interest on loans to the parent corporation	35.8	14.8	—
Other	64.4	64.5	49.5
	734.3	754.8	403.3
General and administrative expenses	118.7	124.9	122.1
Depreciation and amortization	5.8	4.8	5.1
Financial expenses	111.1	107.0	131.2
Loss (gain) on valuation and translation of financial instruments	0.2	0.2	(0.7)
Loss on debt refinancing	—	—	10.4
Other	2.8	2.4	(10.9)
Income before income taxes	495.7	515.5	146.1
Income taxes (recovery)	41.6	(5.3)	0.5
Net income	454.1	520.8	145.6
Other comprehensive income (loss)	16.4	(3.9)	22.8
Comprehensive income	\$ 470.5	\$ 516.9	\$ 168.4

[Table of Contents](#)

QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2019, 2018 and 2017
 (tabular amounts in millions of Canadian dollars, except for option data)

33. NON-CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION (continued)

Non-consolidated and condensed statements of cash flows

	2019	2018 (restated, note 1(b))	2017 (restated, note 1(b))
Cash flows related to operations			
Net income	\$ 454.1	\$ 520.8	\$ 145.6
Depreciation and amortization	5.8	4.8	5.1
Loss (gain) on valuation and translation of financial instruments	0.2	0.2	(0.7)
Amortization of financing fees and long-term debt discount	2.6	2.3	2.4
Loss on debt refinancing	—	—	10.4
Deferred income taxes	39.4	(5.3)	2.4
Other	2.2	0.2	2.4
Net change in non-cash balances related to operations	(31.2)	5.3	39.3
Cash flows provided by operations	473.1	528.3	206.9
Cash flows related to investing activities			
Proceeds from disposal of subsidiaries	260.7	—	—
Net change in investments in subsidiaries	(46.4)	2,058.6	(8.5)
Acquisition of tax deductions from the parent corporation	(14.9)	(13.9)	—
Other	(7.3)	(6.0)	(8.5)
Cash flows provided by (used in) investing activities	192.1	2,038.7	(17.0)
Cash flows related to financing activities			
Net change in bank indebtedness	10.2	5.7	(2.5)
Net change under revolving facilities, net of financing fees	8.6	—	—
Repayment of long-term debt	(434.3)	(3.6)	(336.7)
Repayment of lease liabilities	(1.2)	(1.0)	(0.6)
Settlement of hedging contracts	90.0	(1.6)	(1.6)
Repurchase of Common Shares	—	(1,540.0)	(43.9)
Dividends and reduction of paid-up capital	(100.0)	(100.0)	(100.0)
Net change in subordinated loans and notes payable — subsidiaries	(241.7)	2,322.0	66.0
Net change in convertible obligations, subordinated loans and notes receivable — subsidiaries	139.3	(2,664.0)	276.0
Net change in loans to the parent corporation	(105.0)	(596.1)	—
Net change in advances to or from subsidiaries	(24.3)	(19.6)	(15.4)
Cash flows used in financing activities	(658.4)	(2,598.2)	(158.7)
Net change in cash and cash equivalents	6.8	(31.2)	31.2
Cash and cash equivalents at the beginning of the year	—	31.2	—
Cash and cash equivalents at the end of the year	\$ 6.8	\$ —	\$ 31.2

[Table of Contents](#)

**QUEBECOR MEDIA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Years ended December 31, 2019, 2018 and 2017
(tabular amounts in millions of Canadian dollars, except for option data)

33. NON-CONSOLIDATED FINANCIAL STATEMENTS OF THE CORPORATION (continued)

Non-consolidated and condensed balance sheets

	2019	2018
		(restated, note 1(b))
Assets		
Current assets	\$ 161.0	\$ 144.2
Investments in subsidiaries at cost	524.0	477.8
Advances to subsidiaries	64.8	48.9
Convertible obligations, subordinated loans and notes receivable — subsidiaries	2,673.7	2,813.0
Loans to the parent corporation	701.1	596.1
Other assets	341.3	496.5
	\$ 4,465.9	\$ 4,576.5
Liabilities and equity		
Current liabilities	\$ 78.0	\$ 88.8
Long-term debt	1,614.3	2,098.9
Advances from subsidiaries	130.4	138.8
Other liabilities	50.4	46.7
Subordinated loan and notes payable — subsidiaries	2,832.0	2,813.0
Equity attributable to shareholders	(239.2)	(609.7)
	\$ 4,465.9	\$ 4,576.5

VIDEOTRON LTD./VIDÉOTRON LTÉE

\$800,000,000

4.50% SENIOR NOTES DUE JANUARY 15, 2030

INDENTURE

Dated as of October 8, 2019

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

This INDENTURE, dated as of October 8, 2019, is by and among VIDEOTRON LTD., a corporation under the laws of the Province of Québec, each Subsidiary Guarantor listed on the signature pages hereto, and COMPUTERSHARE TRUST COMPANY OF CANADA, as trustee (the “*Trustee*”).

The Company, each Subsidiary Guarantor and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 4.50% Senior Notes due January 15, 2030 issued under this Indenture (the “*Notes*”):

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. **Definitions.**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

“*144A Global Note*” means, if applicable, a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold for initial resale in reliance on Rule 144A.

“*1933 Act*” means the United States Securities Act of 1933, as amended, and the rules and regulations thereunder, including any successor legislation and rules and regulations.

“*Accounts Receivable Entity*” means a Subsidiary of the Company or any other Person in which the Company or any of its Restricted Subsidiaries makes an Investment:

(1) that is formed solely for the purpose of, and that engages in no activities other than activities in connection with, financing accounts receivable;

(2) that is designated as an Accounts Receivable Entity;

(3) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which (a) is at any time guaranteed by the Company or any of its Restricted Subsidiaries (excluding guarantees of obligations (other than any guarantee of Indebtedness) pursuant to Standard Securitization Undertakings), (b) is at any time recourse to or obligates the Company or any of its Restricted Subsidiaries in any way, other than pursuant to Standard Securitization Undertakings, or (c) subjects any asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings (such Indebtedness, “Non-Recourse Accounts Receivable Entity Indebtedness”);

(4) with which neither the Company nor any of its Restricted Subsidiaries has any material contract, agreement, arrangement or understanding other than contracts, agreements, arrangements and understandings entered into in the ordinary course of business on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company in connection with a Qualified Receivables Transaction and fees payable in the ordinary course of business in connection with servicing accounts receivable in connection with such a Qualified Receivables Transaction; and

(5) with respect to which neither the Company nor any of its Restricted Subsidiaries has any obligation to maintain or preserve the solvency or any balance sheet term, financial condition, level of income or results of operations thereof.

“*Acquired Debt*” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means any Notes (other than Initial Notes and Notes issued under Sections 2.06, 2.07, 2.10 and 3.06 hereof) issued under this Indenture in accordance with Sections 2.02, 2.14 and 4.09 hereof as part of the same series as the Initial Notes or as an additional series.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided, however,* that beneficial ownership of more than 10% of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” shall have correlative meanings.

“Agent” means any Registrar, co-registrar, Paying Agent or additional paying agent.

“Applicable Procedures” means, with respect to any transfer, redemption or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary that apply to such transfer, redemption or exchange.

“Applicable Securities Legislation” means applicable securities laws (including rules, regulations, policies and instruments) in each of the applicable provinces and territories of Canada;

“Asset Acquisition” means (a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be consolidated or merged with or into the Company or any Restricted Subsidiary or (b) any acquisition by the Company or any Restricted Subsidiary of the assets of any Person that constitute substantially all of an operating unit, a division or line of business of such Person or that is otherwise outside of the ordinary course of business.

“Asset Sale” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights, other than in the ordinary course of business; *provided, however,* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, shall be governed by the provisions of Sections 4.18 and 5.01 hereof and not by the provisions of Section 4.12 hereof; and
- (2) the issuance of Equity Interests of any Restricted Subsidiary or the sale of Equity Interests by the Company or any of its Restricted Subsidiaries in any Restricted Subsidiary.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US\$100.0 million;
- (2) a sale, lease, conveyance or other disposition of assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

- (4) the sale, lease, conveyance or other disposition of equipment, inventory, accounts receivable or other assets in the ordinary course of business;
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) any Tax Benefit Transaction;
- (7) a Restricted Payment or Permitted Investment that is permitted by Section 4.10 hereof, and any sale, lease, conveyance or other disposition the proceeds of which are distributed within 90 days of such sale, lease, conveyance or other disposition as a Restricted Payment in compliance with Section 4.10 hereof;
- (8) the issuance of Equity Interests of any of the Company's Restricted Subsidiaries; *provided* that after such issuance the Company's ownership interests in such Restricted Subsidiary, whether directly or through its Restricted Subsidiaries, is at least equal to its ownership interests in such Restricted Subsidiary prior to such issuance;
- (9) the issuance of Equity Interests of any Subsidiary pursuant to any equity compensation plan entered into in the ordinary course of business; *provided*, however, that the aggregate Fair Market Value of all such issued and outstanding Equity Interests shall not exceed US\$5.0 million in any twelve- month period;
- (10) sales of accounts receivables pursuant to a Qualified Receivables Transaction for the Fair Market Value thereof, including cash in an amount equal to at least 75% of the Fair Market Value thereof;
- (11) any transfer of accounts receivable, or a fractional undivided interest therein, by an Accounts Receivable Entity in a Qualified Receivables Transaction;
- (12) any Asset Swap;
- (13) non-exclusive licenses of intellectual property; and
- (14) dispositions of Investments and other assets in joint venture entities or unincorporated joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements, facilities connection agreements and similar binding arrangements; *provided* that the net cash proceeds, if any, received by the Company or any Restricted Subsidiary of the Company in connection with such disposition shall be applied in accordance with Section 4.12 hereof.

“Asset Swap” means an exchange of assets (including securities) by the Company or a Restricted Subsidiary for:

- (1) one or more Permitted Businesses;
- (2) a controlling equity interest in any Person whose assets consist primarily of one or more Permitted Businesses; *provided* such Person becomes a Restricted Subsidiary; and/or
- (3) long-term assets that are used in a Permitted Business.

“Attributable Debt” in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

“Back-to-Back Debt” means any loans made or debt instruments issued as part of a Back-to-Back Transaction and in which each party to such Back-to-Back Transaction, other than a Videotron Entity, executes or has executed a subordination agreement in favor of the Holders in substantially the form attached hereto as Exhibit F.

“Back-to-Back Preferred Shares” means Preferred Shares issued:

- (1) to a Videotron Entity by an Affiliate of the Company in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, an Affiliate of such Videotron Entity has loaned on an unsecured basis to such Videotron Entity, or an Affiliate of such Videotron Entity has subscribed for Preferred Shares of such Videotron Entity in, an amount equal to the requisite subscription price for such Preferred Shares;
- (2) by a Videotron Entity to one of its Affiliates in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, such Videotron Entity has loaned an amount equal to the proceeds of such issuance to an Affiliate on an unsecured basis; or
- (3) by a Videotron Entity to one of its Affiliates in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, such Videotron Entity has used the proceeds of such issuance to subscribe for Preferred Shares issued by an Affiliate;

in each case on terms whereby:

- (i) the aggregate redemption amount applicable to the Preferred Shares issued to or by such Videotron Entity is identical:
 - (A) in the case of (1) above, to the principal amount of the loan made or the aggregate redemption amount of the Preferred Shares subscribed for by such Affiliate;
 - (B) in the case of (2) above, to the principal amount of the loan made to such Affiliate; or
 - (C) in the case of (3) above, to the aggregate redemption amount of the Preferred Shares issued by such Affiliate;
- (ii) the dividend payment date applicable to the Preferred Shares issued to or by such Videotron Entity shall:
 - (A) in the case of (1) above, be immediately prior to, or on the same date as, the interest payment date relevant to the loan made or the dividend payment date on the Preferred Shares subscribed for by such Affiliate;
 - (B) in the case of (2) above, be immediately after, or on the same date as, the interest payment date relevant to the loan made to such Affiliate; or
 - (C) in the case of (3) above, be immediately after, or on the same date as, the dividend payment date on the Preferred Shares issued by such Affiliate;
- (iii) the amount of dividends provided for on any payment date in the share conditions attaching to the Preferred Shares issued:
 - (A) to a Videotron Entity in the case of (1) above, shall be equal to or in excess of the amount of interest payable in respect of the loan made or the amount of

dividends provided for in respect of the Preferred Shares subscribed for by such Affiliate;

- (B) by a Videotron Entity in the case of (2) above, shall be less than or equal to the amount of interest payable in respect of the loan made to such Affiliate; or
- (C) by a Videotron Entity in the case of (3) above, shall be equal to the amount of dividends in respect of the Preferred Shares issued by such Affiliate;

and *provided* that, in the case of Preferred Shares issued by a Restricted Subsidiary that is not a Subsidiary Guarantor, each holder of such Preferred Shares under such Back-to-Back Transaction, other than such Restricted Subsidiary, executes a subordination agreement in favor of the Holders in substantially the form attached hereto as Exhibit F.

“*Back-to-Back Securities*” means Back-to-Back Preferred Shares or Back-to-Back Debt or both, as the context requires; *provided* that a Back-to-Back Security issued by any Restricted Subsidiary that is not a Subsidiary Guarantor (A) shall provide that (i) such Restricted Subsidiary shall suspend any payment on such Back-to-Back Security until such Restricted Subsidiary receives payment on the corresponding Back-to-Back Security in an amount equal to or exceeding the amount to be paid on the Back-to-Back Security issued by such Restricted Subsidiary and (ii) if the holder of such Back-to-Back Security is paid any amount on or with respect to such Back-to-Back Security by such Restricted Subsidiary, then to the extent such amounts are paid out of proceeds in excess of the corresponding payment received by such Restricted Subsidiary on the corresponding Back-to-Back Security held by it, the holder of such Back-to-Back Security will hold such excess payment in trust for the benefit of such Restricted Subsidiary and will forthwith repay such payment to such Restricted Subsidiary and (B) may provide that, notwithstanding clause (A), such Restricted Subsidiary may make payment on such Back-to-Back Security if at the time of payment such Restricted Subsidiary would be permitted to make such payment under Section 4.10 hereof; *provided* that any payment made pursuant to this clause (B) which is otherwise prohibited under clause (A) would constitute a Restricted Payment.

“*Back-to-Back Transaction*” means any of the transactions described under the definition of Back-to-Back Preferred Shares.

“*Bankruptcy Law*” means Title 11, U.S. Code or any similar federal or state law for the relief of debtors, the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) or any other Canadian federal or provincial law or the law of any other jurisdiction relating to bankruptcy, insolvency, winding up, liquidation, reorganization or relief of debtors.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as such term is used in Section 13(d)(3) of the Exchange Act), such “person” shall be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms “*Beneficially Owns*” and “*Beneficially Owned*” shall have corresponding meanings.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the board of directors or other governing body of the general partner(s) of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Board Resolution*” means a copy of a resolution certified by the secretary or an assistant secretary (or individual performing comparable duties) of the applicable Person to have been duly adopted by the Board of

Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“*Book-Entry System*” means the record entry and securities transfer and pledge system, which is administered by the Depositary in accordance with the operating rules and procedures of its securities settlement service for book-entry only notes in force from time to time, or any successor system.

“*Book-Entry Only Form*”, when used with respect to Notes, means Notes certified and delivered under the Book-Entry System other than Definitive Notes.

“*Business Day*” means any day other than a Legal Holiday.

“*Canada Bond Yield*” means, on any date, the bid yield to maturity on such date compounded semi-annually which a non-callable non-amortizing Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity which most closely approximates the remaining term to October 15, 2024 on such date, as determined by the Company based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market place at or about 11:00 a.m. (Toronto time), on the relevant date for each of the two (2) outstanding non-callable non-amortizing Government of Canada nominal bonds which have the terms to maturity which most closely span the remaining term to October 15, 2024 on such date, where such arithmetic average is based in each case on the bids quoted to an independent investment dealer acting as agent of the Company by two (2) independent registered members of the Investment Industry Regulatory Organization of Canada selected by the Company (and acceptable to the Trustee, acting reasonably), calculated in accordance with standard practice in the industry.

“*Canada Yield Price*” means the price for the Notes, as determined by an independent investment dealer selected by the Company and acceptable to the Trustee, acting reasonably, as of the Business Day immediately preceding the day on which the notice of redemption for prepayment is given, equal to the sum of the present values of (1) the redemption price of such Notes at October 15, 2024 (such redemption price being described under Section 3.07) plus (2) the scheduled payments of interest on the Notes remaining between the date of redemption and October 15, 2024 (not including any portion of the scheduled payments of interest accrued as of the relevant redemption date) discounted to the relevant redemption date on a semi-annual basis (assuming a 365-day year) at the discount rate equal to the sum of the Canada Bond Yield for such Notes and the Canada Yield Spread.

“*Canada Yield Spread*” means 1.00% (or 100 basis points) per annum.

“*Canadian Placement Global Note*” means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold for initial resale in reliance on available prospectus and dealer registration exemptions in Canada and in reliance on Regulation S.

“*Canadian Placement Legend*” means the legend set forth in Section 2.06(f)(i)(B) hereof, to be placed on all Notes issued under the Indenture, unless otherwise permitted by the provisions of this Indenture.

“*Canadian Taxing Authority*” means any federal, provincial, territorial or other Canadian government or any authority or agency therein having the power to tax.

“*Capital Lease Obligation*” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP. Notwithstanding the foregoing, any lease (whether entered into before or after December 31, 2012) that would have been classified as an operating lease pursuant to GAAP as in effect on December 31, 2012 shall be deemed not to be a capital lease or a financing lease.

“*Capital Markets Indebtedness*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the 1933 Act, (b) a private placement to

institutional investors in accordance with Rule 144A or Regulation S under the 1933 Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the Commission or (c) a private placement to institutional investors. For the avoidance of doubt, the term “Capital Markets Indebtedness” does not include any Indebtedness under the Credit Agreement, Indebtedness incurred in connection with a sale and leaseback transaction, Capital Lease Obligations or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering”.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“*Capital Stock Sale Proceeds*” means the aggregate net cash proceeds received by the Company after October 8, 2003:

- (1) as a contribution to the common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities); or
- (2) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests,

other than, in either (1) or (2), Equity Interests (or convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities) sold to a Subsidiary of the Company.

“*Cash Equivalents*” means:

- (1) United States dollars or Canadian dollars;
- (2) investments in securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth, territory or province of the United States of America or Canada, or by any political subdivision or taxing authority thereof, and rated, at the time of acquisition, in the “R-1” category by DBRS (or the equivalent rating issued by any other Designated Rating Organization);
- (3) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of US\$500.0 million;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having, at the time of acquisition, the highest rating obtainable from Moody’s Investors Service, Inc. or Standard & Poor’s Rating Services and in each case maturing within one year after the date of acquisition or with respect to commercial paper in Canada, a rating, at the

time of acquisition, in the “R-1” category by DBRS (or the equivalent rating issued by any other Designated Rating Organization); and

- (6) money market funds at least 90% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

“*CDS*” means CDS Clearing and Depository Services Inc.

“*Change of Control*” means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder or a Related Party of a Permitted Holder;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Company;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person, other than a Permitted Holder or a Related Party of a Permitted Holder, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or
- (4) during any consecutive two-year period, the first day on which individuals who constituted the Board of Directors of the Company as of the beginning of such two-year period (together with any new directors who were nominated for election or elected to such Board of Directors with the approval of a majority of the individuals who were members of such Board of Directors, or whose nomination or election was previously so approved at the beginning of such two-year period) cease to constitute a majority of the Board of Directors of the Company.

“*Change of Control Triggering Event*” means the occurrence of both a Change of Control and a Ratings Event.

“*Civil Code*” means the *Civil Code of Québec*, as amended from time to time.

“*Code*” means the U.S. Internal Revenue Code of 1986, as amended.

“*Commission*” means the U.S. Securities and Exchange Commission and any successor entity thereto.

“*Company*” means Videotron Ltd. (Vidéotron Ltée in its French version) and any successor thereto.

“*Consolidated Cash Flow*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus:

- (1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (2) Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, including for the purpose of this clause (2) any interest expense on the QMI Subordinated Loan that was otherwise excluded from the definition of Consolidated Interest Expense, in each case to the extent that any such expense was deducted in computing such Consolidated Net Income; plus
- (3) depreciation, amortization (including amortization of goodwill and other intangibles, but excluding amortization of prepaid cash expenses that were paid in a prior period to the extent such

expense is amortized) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents (i) an accrual of or reserve for cash expenses in any future period, or (ii) amortization of a prepaid cash expense that was paid in a prior period to the extent such expense is amortized) of such Person and its Restricted Subsidiaries for such period, to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; minus

- (4) any interest and other payments made to Persons other than any Videotron Entity in respect of Back-to-Back Securities to the extent such interest and other payments were not deducted in computing such Consolidated Net Income; minus
- (5) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, the Consolidated Interest Expense of and the depreciation and amortization and other non-cash expenses of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be dividend or distributed to the Company by such Restricted Subsidiary without prior governmental approval (unless such approval has been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its shareholders.

“Consolidated Indebtedness” means, with respect to any Person as of any date of determination, without duplication, the total amount of Indebtedness of such Person and its Restricted Subsidiaries, including (i) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been guaranteed by the referent Person or one or more of its Restricted Subsidiaries, and (ii) the aggregate liquidation value of all Disqualified Stock of such Person and all Preferred Shares of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” means, with respect to any Person, for any period, without duplication, the sum of (i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment Obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts, and other fees, and charges incurred in respect of letter of credit or bankers’ acceptance financings), all calculated after taking into account the effect of all Hedging Obligations, (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or any of its Restricted Subsidiaries or secured by a Lien on assets of such Person or any of its Restricted Subsidiaries (whether or not such guarantee or Lien is called upon), (iv) the product of (a) all dividend payments on any series of Preferred Shares of such Person or any of its Restricted Subsidiaries, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state, provincial, territorial and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP, and (v) to the extent not included in clause (iv) above for purposes of GAAP, the product of (a) all dividend payments on any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state, provincial, territorial and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP. Interest and other payments on Back-to-Back Securities, and any accrual, or payment-in-kind, of interest on the QMI Subordinated Loan to the extent that such interest is not paid in cash, shall not be included as Consolidated Interest Expense.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided, however,* that:

- (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary (other than an Unrestricted Subsidiary) or that is accounted for by the equity method of accounting shall be included; *provided* that the Net Income shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary thereof;
- (2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (unless such approval has been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its equityholders;
- (3) the Net Income of any Person acquired during the specified period for any period prior to the date of such acquisition shall be excluded;
- (4) the cumulative effect of a change in accounting principles shall be excluded;
- (5) the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries; *provided, however,* that for purposes of Section 4.10 hereof, the Net Income of any Unrestricted Subsidiary shall be included to the extent it would otherwise be included under clause (1) of this definition; and
- (6) any non-cash compensation expense realized for grants of performance shares, stock options or other rights to officers, directors and employees of the Company or any Restricted Subsidiary shall be excluded, *provided* that such shares, options or other rights can be redeemed at the option of the holders thereof for Capital Stock of the Company or Quebecor Media (other than in each case Disqualified Stock of the Company).

“Consolidated Net Tangible Assets” means, as of the date of determination, with respect to any Person, on a consolidated basis, the total assets of such Person and its Restricted Subsidiaries after deducting therefrom (a) current liabilities excluding Indebtedness, (b) goodwill, (c) intangible assets, except separately acquired stand-alone intangible assets (such as, without limitation, mobile communication licenses) and internally developed intangible assets (such as, without limitation, software), all as set forth on the most recent consolidated balance sheet of such Person and computed in accordance with GAAP.

“Consolidated Revenues” means the gross revenues of the Company and the Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP; *provided* that (1) any portion of gross revenues derived directly or indirectly from Unrestricted Subsidiaries, including dividends or distributions from Unrestricted Subsidiaries, shall be excluded from such calculation, and (2) any portion of gross revenues derived directly or indirectly from a Person (other than a Subsidiary of the Company or a Restricted Subsidiary) accounted for by the equity method of accounting shall be included in such calculation only to the extent of the amount of dividends or distributions actually paid to the Company or a Restricted Subsidiary by such Person.

“Consolidation Transaction” means Back-to-Back Transactions and any other transaction that serves a similar purpose as a Back-to-Back Transaction.

“Corporate Trust Office of the Trustee” shall be at the address of the Trustee specified in Section 12.01 hereof, or such other address as to which the Trustee may give notice to the Company.

“Credit Agreement” means the amended credit facility originally dated as of June 16, 2015, between, *inter alios*, the Company, the guarantor subsidiaries named therein, Royal Bank of Canada, as administrative agent, and the lenders party thereto, as amended and amended and restated from time to time.

“Credit Facilities” means one or more debt facilities (including, without limitation, the Credit Agreement), commercial paper facilities, or other debt arrangements (including, without limitation, under this Indenture), in each

case with banks, other institutional lenders or investors, providing for revolving credit loans, term loans, notes, receivables financing (including, to the extent Indebtedness, through the sales of accounts receivables to such lenders or investors or to an Accounts Receivable Entity) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

“*Currency Exchange Protection Agreement*” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates entered into with any commercial bank or other financial institutions having capital and surplus in excess of US\$500.0 million.

“*Custodian*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03(c) hereof as Custodian with respect to the Notes, and any and all successors thereto appointed as custodian hereunder and having become such pursuant to the applicable provisions of this Indenture.

“*Customary Recourse Exceptions*” means, with respect to any Non-Recourse Debt, exclusions from the exculpation provisions with respect to such Indebtedness for the voluntary bankruptcy of the relevant joint venture entity or Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

“*DBRS*” means, collectively, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited, or any successor to the rating agency business thereof.

“*Debt to Cash Flow Ratio*” means, as of any date of determination (the “*Determination Date*”), the ratio of (a) the Consolidated Indebtedness of the Company (excluding the QMI Subordinated Loan) as of such Determination Date to (b) the Consolidated Cash Flow of the Company for the most recently ended fiscal quarter ending immediately prior to such Determination Date for which internal financial statements are available (the “*Measurement Period*”) multiplied by four, determined on a *pro forma* basis after giving effect to all acquisitions or dispositions of assets made by the Company and the Restricted Subsidiaries from the beginning of such quarters through and including such Determination Date (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such quarter. For purposes of calculating Consolidated Cash Flow for each Measurement Period immediately prior to the relevant Determination Date, (i) any Person that is a Restricted Subsidiary on the Determination Date (or would become a Restricted Subsidiary on such Determination Date in connection with the transaction that requires the determination of such Consolidated Cash Flow) shall be deemed to have been a Restricted Subsidiary at all times during the applicable Measurement Period; (ii) any Person that is not a Restricted Subsidiary on such Determination Date (or would cease to be a Restricted Subsidiary on such Determination Date in connection with the transaction that requires the determination of such Consolidated Cash Flow) shall be deemed not to have been a Restricted Subsidiary at any time during the applicable Measurement Period; (iii) if the Company or any Restricted Subsidiary shall have in any manner (x) acquired through an Asset Acquisition or (y) disposed of (including by way of an Asset Sale or the termination or discontinuance of activities constituting such operating business) any operating business during the applicable Measurement Period or after the end of such period and on or prior to such Determination Date, such calculation shall be made on a *pro forma* basis in accordance with GAAP, as if, in the case of an Asset Acquisition, all such transactions (including any related financing transactions) had been consummated on the first day of the applicable Measurement Period, and, in the case of an Asset Sale or termination or discontinuance of activities constituting such operating business, all such transactions (including any related financing transactions) had been consummated prior to the first day of the applicable Measurement Period; (iv) if (A) since the beginning of the applicable Measurement Period, the Company or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding or has repaid any Indebtedness, or (B) the transaction giving rise to the need to calculate the Debt to Cash Flow Ratio is an Incurrence or repayment of Indebtedness, Consolidated Interest Expense for such Measurement Period shall be calculated after giving effect on a *pro forma* basis to such Incurrence or repayment as if such Indebtedness was Incurred or repaid on the first day of such period, *provided* that, in the event of any such repayment of Indebtedness, Consolidated Cash Flow for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness; and (v) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the base interest rate in effect for such floating rate of interest on the

Determination Date had been the applicable base interest rate for the entire Measurement Period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of twelve months). For purposes of this definition, any *pro forma* calculation shall be made in good faith by a responsible financial or accounting officer of the Company consistent with Article 11 of Regulation S-X of the 1933 Act, as such Regulation may be amended.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Deferred Management Fees*” means, for any period, any Management Fees that were payable during any prior period, the payment of which was not effected when due.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 or 2.10 hereof, in substantially the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03(b) hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provisions of this Indenture.

“*Designated Non-cash Consideration*” means the fair market value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officers’ Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

“*Designated Rating Organization*” has the meaning given to such term in National Instrument 81-102—Investment Funds.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, (i) Back-to-Back Preferred Shares shall not constitute Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the provisions of Section 4.10 hereof. The term “*Disqualified Stock*” shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is 91 days after the date on which the Notes mature.

“*Distribution Compliance Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means (1) a public or private sale of Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities) for cash however designated and whether voting or non-voting, other than (x) any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or

employees or (y) an issuance to any Restricted Subsidiary, or (2) an equity contribution in cash by a direct or indirect parent entity of the Company to the common equity capital of the Company.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including any successor legislation and rules and regulations.

“Existing Indebtedness” means Indebtedness of the Company and the Restricted Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on October 8, 2003, until such amounts are repaid.

“Existing Notes” means, collectively, the Company’s 5% Senior Notes due July 15, 2022, the Company’s 5³/₈% Senior Notes due June 15, 2024, the Company’s 5⁵/₈% Senior Notes due June 15, 2025, the Company’s 5³/₄% Senior Notes due January 15, 2026 and the Company’s 5¹/₈% Senior Notes due April 15, 2027.

“fair market value” or *“Fair Market Value”* means, with respect to any assets (including securities), the price that could be negotiated in an arm’s length transaction between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction; *provided* that, where such term is capitalized, if the Fair Market Value exceeds US\$100.0 million, the determination of Fair Market Value shall be made by the Board of Directors of the Company or an authorized committee thereof in good faith.

“GAAP” means generally accepted accounting principles, consistently applied, as in effect in Canada from time to time, and which, as of the date of this Indenture, is IFRS.

“Global Note Legend” means the legend set forth in Section 2.06(f) (ii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“Global Notes” means the global Notes, registered in the name of the Depositary or its nominee, in the form of Exhibit A hereto issued in accordance with Article 2 hereof.

“Government Securities” means direct obligations of, or obligations guaranteed by the Government of Canada (or any agency thereof provided the obligations of such agency are guaranteed by the Government of Canada) or any Province of Canada (or any agency thereof provided the obligations of such agency are guaranteed by such government), and which are not callable or redeemable at the issuer’s option.

“guarantee” means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person pursuant to any Interest Rate Agreement or Currency Exchange Protection Agreement.

“Holder” means a Person in whose name a Note is registered.

“IFRS” means the international financial reporting standards adopted by the International Accounting Standards Board to the extent applicable at that time to the relevant financial statements.

“Incur” means, with respect to any Indebtedness or other Obligation of any Person, to create, incur, issue, assume, guarantee or otherwise become indirectly or directly liable, contingently or otherwise, with respect of such Indebtedness or other Obligation.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) representing principal of and premium, if any, in respect of borrowed money;

- (2) representing principal of and premium, if any, evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of bankers' acceptances;
- (4) representing Capital Lease Obligations of such Person and all Attributable Debt in respect of sale and leaseback transactions entered into by such Person;
- (5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;
- (6) representing the amount of all obligations of such Person with respect to the repayment of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Shares (in each case, valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends); or
- (7) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations, Attributable Debt, Disqualified Stock and Preferred Shares) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Share which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Share as if such Disqualified Stock or Preferred Share were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock or Preferred Share, such Fair Market Value, if above US\$100.0 million, shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock or Preferred Share. The term "*Indebtedness*" shall not include Back-to-Back Securities, Non-Recourse Equity Pledge Debt or Standard Securitization Undertakings.

The amount of any Indebtedness described above in clauses (1) through (7) and in the preceding paragraph outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and shall be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount, and
- (2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness;

provided, however, that if any Indebtedness denominated in a currency other than Canadian dollars is hedged or swapped through the maturity of such Indebtedness under a Currency Exchange Protection Agreement, the amount of such Indebtedness shall be adjusted to the extent of any positive or negative value (to the extent the Obligation under such Currency Exchange Protection Agreement is not otherwise included as Indebtedness of such Person) of such Currency Exchange Protection Agreement.

"*Indenture*" means this instrument, as originally executed or as it may from time to time be supplemented or amended in accordance with Article 9 hereof.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

“Initial Notes” means \$800.0 million aggregate principal amount of Notes issued in registered form under this Indenture on the date hereof.

“Institutional Accredited Investor” means an institution that is an “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the 1933 Act.

“Interest Payment Dates” shall have the meaning set forth in paragraph 1 of each Note.

“Interest Rate Agreement” means, for any Person, any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect against fluctuations in interest rates entered into with any commercial bank or other financial institution having capital and surplus in excess of US\$500.0 million.

“Investment Grade Status” means a rating of the Notes from any two of Moody’s, S&P and DBRS equal to or higher than “Baa3” (or the equivalent) in the case of Moody’s, “BBB-” (or the equivalent) in the case of S&P, and “BBB (low)” (or the equivalent) in the case of DBRS, or, in the event that two or more of the foregoing rating agencies cease to issue ratings in respect of the Notes for reasons outside the control of the Company, the equivalent of such ratings by any other Designated Rating Organizations selected by the Company or Quebecor Inc. to replace one or more of Moody’s, S&P and/or DBRS, as the case may be.

“Investments” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans or other extensions of credit (including guarantees, but excluding advances to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business), advances (excluding commission, travel and similar advances to officers and employees made consistent with past practices), capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP and include the designation of a Restricted Subsidiary as an Unrestricted Subsidiary. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 4.10(c) hereof. The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in Section 4.10(c) hereof.

“Issue Date” means October 8, 2019, the date of the initial issuance of the Notes under this Indenture.

“Legal Holiday” means a Saturday, a Sunday or a day on which banking institutions in Montréal and/or Toronto and/or in the city in which the Corporate Trust Office of the Trustee is located or any other place of payment on the Notes are authorized by law, regulation or executive order to remain closed.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, hypothecation, assignment for security or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or duly published under applicable law, including any conditional sale or capital lease or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of, or agreement to give, any hypothec or any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction. Solely for the purposes of determining whether a Lien exists for the purposes of this Indenture, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale or capital lease or other title retention agreement and any lease in the nature thereof (excluding, for the avoidance of doubt, operating leases) and such retention of title by another Person shall constitute a Lien. Notwithstanding the foregoing, any lease that would have been an operating

lease (as determined in accordance with GAAP in effect on December 31, 2012) shall be deemed to not constitute a Lien.

“*Management Fees*” means any amounts payable by the Company or any Restricted Subsidiary in respect of management or similar services.

“*Moody’s*” means, collectively, Moody’s Investors Service, Inc. and/or its licensors and affiliates or any successor to the rating agency business thereof.

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Shares dividends, excluding, however:

- (1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with:
(a) any Asset Sale (without regard to the US\$100.0 million limitation set forth in the definition thereof) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and
- (2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (a) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, (b) any relocation expenses incurred as a result of the Asset Sale, (c) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (d) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets that were the subject of such Asset Sale, or required to be paid as a result of such sale, (e) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, and (f) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures of the Company or such Restricted Subsidiary as a result of such Asset Sale.

“*Non-Recourse Accounts Receivable Entity Indebtedness*” has the meaning ascribed thereto in the definition of “Accounts Receivable Entity”.

“*Non-Recourse Debt*” means Indebtedness:

- (1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise, except in each case for Customary Recourse Exceptions and Non-Recourse Equity Pledge Debt; and
- (2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit, upon notice, lapse of time or both, any holder of any other Indebtedness (other than the Notes) of the Company or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

“*Non-Recourse Equity Pledge Debt*” means a guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness owing to any lender(s) to a joint venture entity or Unrestricted Subsidiary of the Company; *provided* that recourse on such guarantee is limited to (a) a Lien on any intercompany Indebtedness owing by such joint venture entity or Unrestricted Subsidiary to the Company or such Restricted Subsidiary, as applicable, (b) a Lien on any Equity Interests in such joint venture entity or Unrestricted Subsidiary owned by the

Company or such Restricted Subsidiary, as applicable, and/or (c) obligations relating to Customary Recourse Exceptions.

“*Notes*” means the Company’s 4.50% Senior Notes due January 15, 2030 issued under this Indenture, including any Additional Notes, if any.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Officer*” means the Chairman of the Board, the Chief Executive Officer, the President, the Principal Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Principal Financial Officer, the Principal Accounting Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice President of the Company.

“*Officers’ Certificate*” means a certificate signed by two Officers of the Company, at least one of whom shall be the principal executive officer, principal financial officer or the principal accounting officer of the Company, and delivered to the Trustee.

“*Opinion of Counsel*” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, an Affiliate of the Company or the Trustee.

“*Participant*” means a participant in the depository service of CDS.

“*Permitted Business*” means the businesses conducted by the Company and its Restricted Subsidiaries in the cable and telecommunications industry, including on-line Internet services, telephony and the sale and rental of videocassettes, or anything related or ancillary thereto.

“*Permitted Holders*” means one or more of the following persons or entities:

- (1) Quebecor Inc.;
- (2) Quebecor Media;
- (3) any issue of the late Pierre Péladeau;
- (4) any trust having as its sole beneficiaries one or more of the persons or entities listed in clause (3) above, in this clause (4) or in clause (5) below;
- (5) any corporation, partnership or other entity controlled by one or more of the persons or entities referred to in clause (3) or (4) above or in this clause (5); and
- (6) CDP Capital d’Amérique Investissements Inc.

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (i) such Person becomes a Restricted Subsidiary; or

- (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary; or
- (iii) such Person, which was formed for the sole purpose of acquiring assets of a Permitted Business, is upon acquisition of such assets obligated to convey or otherwise distribute assets to the Company or any of its Restricted Subsidiaries having a Fair Market Value at least equal to the Investment of the Company or such Restricted Subsidiary in such Person (net of transaction expenses);

provided that, in each case, such Person's primary business is, or the assets acquired by the Company or any of its Restricted Subsidiaries are used or useful in, a Permitted Business;

- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the provisions of Section 4.12 hereof;
- (5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock or Back-to-Back Securities) of the Company;
- (6) Hedging Obligations entered into in the ordinary course of business of the Company or any Restricted Subsidiary and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates or foreign currency exchange rates, commodity prices, or by reason of fees, indemnities and compensation payable thereunder;
- (7) payroll, travel and similar advances to officers, directors and employees of the Company and the Restricted Subsidiaries for business-related travel expenses, moving expenses and other similar expenses that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (8) any Investment by the Company or any Restricted Subsidiary of the Company in an Accounts Receivable Entity or any Investment by an Accounts Receivable Entity in any other Person in connection with a Qualified Receivables Transaction, so long as any Investment in an Accounts Receivable Entity is in the form of a Purchase Money Note or an Equity Interest;
- (9) any Investment in connection with Back-to-Back Transactions;
- (10) any Investment existing on October 8, 2003; and
- (11) other Investments in any Person that is not an Affiliate of the Company (other than a Restricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (11) since October 8, 2003 not to exceed US\$200.0 million.

"*Permitted Liens*" means:

- (1) Liens on the assets of the Company and any Restricted Subsidiaries of the Company securing Indebtedness and other Obligations of the Company and any Restricted Subsidiaries of the Company under Credit Facilities, which Indebtedness was permitted by the terms of this Indenture to be Incurred; *provided, however*, that at the time of Incurrence and after giving effect to the Incurrence of such Indebtedness and the application of the proceeds therefrom on such date, the aggregate principal amount of Indebtedness secured by such Liens does not exceed the greater of (i) Cdn\$1.5 billion and (ii) an aggregate amount equal to 2.0 times the Consolidated Cash Flow of the Company for the most recently ended fiscal quarter ending immediately prior to such date of

calculation for which internal financial statements are available multiplied by four (such amount to be calculated in a manner consistent with the definition of “Debt to Cash Flow Ratio,” including any pro forma adjustments to Consolidated Cash Flow as set forth in such definition);

- (2) Liens in favor of the Company or a Restricted Subsidiary;
- (3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with the Company or any Restricted Subsidiary, *provided* that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person merged into or consolidated or amalgamated with the Company or the Restricted Subsidiary;
- (4) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary, *provided* that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than such property;
- (5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature Incurred in the ordinary course of business;
- (6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(2)(iv) hereof covering only the assets acquired with such Indebtedness;
- (7) Liens existing on October 8, 2003;
- (8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;
- (9) Liens securing Permitted Refinancing Indebtedness, *provided* that any such Lien does not extend to or cover any property, Capital Stock or Indebtedness other than the property, shares or debt securing the Indebtedness so refunded, refinanced or extended;
- (10) attachment or judgment Liens not giving rise to a Default or an Event of Default;
- (11) Liens Incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security;
- (12) Liens Incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptance, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature Incurred in the ordinary course of business, exclusive of Obligations for the payment of borrowed money;
- (13) licenses, permits, reservations, servitudes, easements, rights-of-way and rights in the nature of easements (including, without limiting the generality of the foregoing, licenses, easements, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas or oil pipelines, steam, gas and water mains or electric light and power, or telephone and telegraph or cable television conduits, poles, wires and cables, reservations, limitations, provisos and conditions expressed in any original grant from any governmental entity or other grant of real or immovable property, or any interest therein) and zoning land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, regional, state, municipal and other governmental authorities in respect of real (immovable) property not interfering, individually or in the aggregate, in any material respect with the use of the affected real (immovable) property for the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries at such real (immovable) property;

- (14) Liens of franchisors or other regulatory bodies arising in the ordinary course of business;
- (15) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (16) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and Incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations and forward contracts, options, future contracts, future options or similar agreements or arrangements, including mark-to-market transactions designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities;
- (17) Liens consisting of any interest or title of licensor in the property subject to a license;
- (18) Liens arising from sales or other transfers of accounts receivable which are past due or otherwise doubtful of collection in the ordinary course of business;
- (19) Liens on accounts receivable and related assets Incurred in connection with a Qualified Receivables Transaction;
- (20) any extensions, substitutions, replacements or renewals of the foregoing clauses (2) through (19); and
- (21) Liens Incurred in the ordinary course of business of the Company or any Restricted Subsidiary with respect to Obligations that do not exceed US\$100.0 million at any one time outstanding.

“Permitted Refinancing Indebtedness” means any Indebtedness of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any Subsidiary Guarantor (other than intercompany Indebtedness); *provided, however,* that:

- (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable expenses Incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- (3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Subsidiary Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- (4) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is *pari passu* in right of payment with the Notes or any Subsidiary Guarantees, such Permitted Refinancing Indebtedness is *pari passu* with, or subordinated in right of payment to, the Notes or such Subsidiary Guarantees; and

(5) such Indebtedness is Incurred either by the Company, a Subsidiary Guarantor or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Predecessor Note” of any particular Note means every previous Note evidencing all or a portion of the same Indebtedness as that evidenced by such particular Note; and any Note authenticated and delivered under Section 2.07 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same Indebtedness as the lost, destroyed or stolen Note.

“Preferred Shares” means any Capital Stock of a Person, however designated, which entitles the holder thereof to a preference with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of any other class of Capital Stock issued by such Person.

“Private Placement Legend” means the legends, including the U.S. Legend and the Canadian Placement Legend, set forth in Section 2.06(f)(i) hereof to be placed on all Notes issued under this Indenture except as otherwise permitted by the provisions of this Indenture.

“Purchase Money Note” means a promissory note of an Accounts Receivable Entity to the Company or any of its Restricted Subsidiaries, which note must be repaid from cash available to the Accounts Receivable Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

“QIB” or *“qualified institutional buyer”* means a qualified institutional buyer within the meaning of Rule 144A.

“QMI Subordinated Loan” means the Indebtedness owed by the Company to Quebecor Media pursuant to the Subordinated Loan Agreement dated March 24, 2003 between the Company and Quebecor Media, as amended.

“Qualified Receivables Transaction” means any transaction or series of transactions entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or such Restricted Subsidiary transfers to an Accounts Receivable Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) or any other Person other than the Company or any of its Restricted Subsidiaries, or grants a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto, including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with an accounts receivable financing transaction; provided such transaction is on market terms at the time the Company or such Restricted Subsidiary enters into such transaction.

“Quebecor Media” means Quebecor Media Inc., the parent of the Company.

“Rating Agency” means (1) each of Moody’s, S&P and DBRS; or (2) in the event that two or more of the foregoing rating agencies cease to issue ratings in respect of the Notes, as applicable, for reasons outside the control of the Company, any other Designated Rating Organization selected by the Company to replace Moody’s, S&P and/or DBRS.

“Ratings Decline Period” means the period that (1) begins on the earlier of (a) the date of the first public announcement of the occurrence of a Change of Control and (b) the occurrence of a Change of Control and (2) ends 90 days following consummation of such Change of Control; *provided* that such period shall be extended for so long

as the rating of the Notes, as noted by the applicable Rating Agency, is under publicly announced consideration for downgrade by the applicable Rating Agency.

“*Ratings Event*” means (1) a downgrade by one or more gradations (including gradations within ratings categories as well as between rating categories) or withdrawal of the rating of the Notes, as applicable, within the Ratings Decline Period by one or more Rating Agencies (unless the applicable Rating Agency shall have put forth a written statement to the effect that such downgrade is not attributable in whole or in part to the applicable Change of Control) and (2) the Notes, as applicable, do not have Investment Grade Status from any Rating Agency.

“*Regular Record Date*” for the interest payable on any Interest Payment Date means the applicable date specified as a “Record Date” on the face of the Note.

“*Regulation S*” means Regulation S promulgated under the 1933 Act.

“*Related Party*” means:

- (1) any controlling shareholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Permitted Holder, or
- (2) any trust, corporation, partnership or other entity, the beneficiaries, shareholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Permitted Holder and/or such other Persons referred to in the immediately preceding clause (1).

“*Responsible Officer*” shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“*Restricted Definitive Notes*” means one or more Definitive Notes bearing the Private Placement Legend.

“*Restricted Global Notes*” means the Canadian Placement Global Notes and, if any, the 144A Global Notes.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Payment*” means:

- (1) the declaration or payment of any dividend or the making of any other payment or distribution on account of the Company’s or any Restricted Subsidiary’s Equity Interests, including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary, or to the direct or indirect holders of the Company’s or any Restricted Subsidiary’s Equity Interests in their capacity as such, other than dividends, payments or distributions payable in Equity Interests (other than Disqualified Stock or Back-to-Back Securities) of the Company or to the Company or a Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, to the other shareholders of such Restricted Subsidiary on a *pro rata* basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than it would receive on a *pro rata* basis);
- (2) the purchase, redemption or other acquisition or retirement for value, including, without limitation, in connection with any merger or consolidation involving the Company, of any Equity Interests of the Company, other than such Equity Interests of the Company held by the Company or any of its Restricted Subsidiaries;

- (3) the making of any payment on or with respect to, or the purchase, redemption, defeasance or other acquisition or retirement for value of any Back-to-Back Securities or Indebtedness that is subordinated to the Notes or the Subsidiary Guarantees, except, in the case of Indebtedness that is subordinated to the Notes or Subsidiary Guarantees (other than Back-to-Back Securities and the QMI Subordinated Loan), a payment of interest at, or within one year of, the Stated Maturity of such interest or principal at, or within one year of, the Stated Maturity of principal of such Indebtedness; *provided* that any accretion or payment-in-kind of interest on the QMI Subordinated Loan, to the extent such accretion or payment is not made in cash, will not be a Restricted Payment;
- (4) any Restricted Investment; or
- (5) the payment of any amount of Management Fees (including Deferred Management Fees) to a Person other than the Company or a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

“Rule 144” means Rule 144 promulgated under the 1933 Act.

“Rule 144A” means Rule 144A promulgated under the 1933 Act.

“Rule 903” means Rule 903 promulgated under the 1933 Act.

“Rule 904” means Rule 904 promulgated under the 1933 Act.

“S&P” means, collectively, Standard & Poor’s Financial Services LLC and Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

“sale and leaseback transaction” means, with respect to any Person, any transaction involving any of the assets or properties of such Person whether now owned or hereafter acquired, whereby such Person sells or transfers such assets or properties and then or thereafter leases such assets or properties or any part thereof or any other assets or properties which such Person intends to use for substantially the same purpose or purposes as the assets or properties sold or transferred.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the 1933 Act, as such Regulation was in effect on October 8, 2003.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Company or any of its Restricted Subsidiaries, which are customary in an accounts receivable securitization transaction.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subordinated Indebtedness” means any Indebtedness of the Company or any Subsidiary Guarantor (whether outstanding on October 8, 2003 or thereafter incurred) that is subordinate or junior in right of payment to the Notes or any Subsidiary Guarantee pursuant to a written agreement to that effect.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to

vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

“Subsidiary Guarantee” means a guarantee on the terms set forth in this Indenture by a Subsidiary Guarantor of the Company’s obligations with respect to the Notes.

“Subsidiary Guarantor” means (1) each Restricted Subsidiary on the Issue Date other than SETTE inc. and (2) any other Person that becomes a Subsidiary Guarantor pursuant to the provisions of Section 4.19 hereof or who otherwise executes and delivers a supplemental indenture to the Trustee providing for a Subsidiary Guarantee, and in each case their respective successors and assigns until released from their obligations under their Subsidiary Guarantees and this Indenture in accordance with the terms hereof.

“Tax” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other liabilities related thereto).

“Tax Benefit Transaction” means, for so long as the Company is a direct or indirect Subsidiary of Quebecor Inc., any transaction between a Videotron Entity and Quebecor Inc. or any of its Affiliates, the primary purpose of which is to create tax benefits for any Videotron Entity or for Quebecor Inc. or any of its Affiliates; *provided, however,* that (1) the Videotron Entity involved in the transaction obtains a favorable tax ruling from a competent tax authority or a favorable tax opinion from a nationally recognized Canadian law or accounting firm having a tax practice of national standing as to the tax efficiency of the transaction for such Videotron Entity (except that such ruling or opinion shall not be required in respect of a transaction with substantially similar tax and transactional attributes as a previous Tax Benefit Transaction in respect of which such a tax ruling or opinion was obtained); (2) in respect of any such Tax Benefit Transaction in an amount exceeding Cdn\$50.0 million, such transaction has been approved by a majority of the disinterested members of such Board of Directors; (3) such transaction is set forth in writing; and (4) the Consolidated Cash Flow of the Company is not reduced after giving *pro forma* effect to the transaction as if the same had occurred at the beginning of the most recently ended full fiscal quarter of the Company for which internal financial statements are available; *provided, however,* that if such transaction shall thereafter cease to satisfy the preceding requirements as a Tax Benefit Transaction, it shall thereafter cease to be a Tax Benefit Transaction for purposes of this Indenture and shall be deemed to have been effected as of such date and, if the transaction is not otherwise permitted by this Indenture as of such date, the Company shall be in default under this Indenture if such transaction does not comply with the preceding requirements or is not otherwise unwound within 30 days of that date.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean such successor Trustee.

“Unrestricted Definitive Notes” means one or more Definitive Notes that do not and are not required to bear the U.S. Legend.

“Unrestricted Global Notes” means one or more Global Notes that do not and are not required to bear the U.S. Legend and are deposited with and registered in the name of the Depository or its nominee.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company that is designated after the Issue Date as an Unrestricted Subsidiary as permitted or required pursuant to the provisions of Section 4.17 hereof and is not thereafter redesignated as a Restricted Subsidiary as permitted pursuant thereto; and

(2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Legend” means the legend set forth in Section 2.06(f)(i)(A) hereof, to be placed on all Notes issued under this Indenture, except as otherwise permitted by the provisions of this Indenture.

“Videotron Entity” means any of the Company or any of its Restricted Subsidiaries.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Restricted Subsidiary” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person.

Section 1.02. Other Definitions.

Term	Defined in Section
“Acceleration Notice”	6.02
“Additional Amounts”	4.20(1)(iii)
“Affiliate Transaction”	4.14(a)
“Alternate Offer”	4.18(2)
“Asset Sale Offer”	4.12(d)
“Authentication Order”	2.02(d)
“Base Currency”	12.11(1)(i)
“Benefited Party”	10.01
“Change of Control Offer”	4.18(1)
“Change of Control Payment”	4.18(1)
“Covenant Defeasance”	8.03
“Event of Default”	6.01
“Excess Proceeds”	4.12(c)
“Excluded Holder”	4.20(2)
“First Currency”	12.12
“indenture legislation”	12.16(1)
“judgment currency”	12.11(1)(i)
“Legal Defeasance”	8.02
“losses”	7.06
“Offer Amount”	3.09(2)(ii)
“Offer Period”	3.09(3)
“Offer to Purchase”	3.09(1)
“Participants List”	2.01(d)
“Paying Agent”	2.03(a)
“Payment Default”	6.01(vi)(A)
“Permitted Debt”	4.09(2)

“Privacy Laws”	12.13
“Proxy Material”	13.07(2)
“Purchase Date”	3.09(3)
“rate(s) of exchange”	12.11(4)
“Registrar”	2.03(a)
“Required Number”	13.07(2)
“Security Register”	2.03(a)
“Surviving Company”	5.01(1)(i)
“Surviving Guarantor”	5.01(2)(i)
“Tax Act”	4.20(2)(iii)

Section 1.03. **Rules of Construction.**

Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined herein has the meaning assigned to it in accordance with GAAP;
- (iii) “or” is not exclusive;
- (iv) words in the singular include the plural, and in the plural include the singular;
- (v) all references in this instrument to “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed;
- (vi) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;
- (vii) “including” means “including without limitation”;
- (viii) provisions apply to successive events and transactions;
- (ix) references to any laws, acts, rules or regulations thereunder shall be deemed to include any substitute, replacement or successor laws, acts, rules or regulations; and
- (x) references to \$ and to Cdn\$ are to Canadian dollars and references to US\$ are to United States dollars.

Section 1.04. **Form of Documents Delivered to Trustee**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.05. Acts of Holders of Notes

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Notes may be embodied in and evidenced by (i) one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing or (ii) a resolution duly adopted by the Holders of Notes at a meeting thereof duly called and held in accordance with the provisions of Article 13. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or resolution are delivered to the Trustee and, where it is hereby expressly required, to the Company. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Company if made in the manner provided in this Section. Proof of the due adoption of any such resolution by the appropriate percentage of Holders of Notes at a meeting thereof shall be sufficient for any purpose of this Indenture if such resolution forms part of and its due adoption by such appropriate percentage is evident from the record of such meeting prepared, signed and verified in the manner provided in Section 13.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary or other officer authorized by law to take acknowledgements of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority to so execute.

(c) The holding of Notes shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

Section 1.06. Benefits of Indenture

Nothing in this Indenture or in the Notes, express or implied, shall, except as may be required by any applicable law, give to any Person, other than the parties hereto and their successors hereunder and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture. In the case of Notes registered in Book-Entry Only Form, any reference in this Indenture to a “Holder” of a Note shall be construed as a reference to the Depository.

Section 1.07. Trust Provisions

Notwithstanding the references herein or in any Note to this Indenture as a “Trust Indenture” or to the Computershare Trust Company of Canada (or its successor hereunder, if any) as a “Trustee” or to it acting as Trustee, and except for any trust which may be created or constituted in Québec for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture (and only to the extent contemplated by such Sections), no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, for greater certainty and subject as hereinafter in this Section provided in the case of any trust created or constituted in Québec for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

Except as otherwise expressly provided or unless the context otherwise requires, references in this Indenture to “trust” or “in trust”, and other similar wording shall only refer to any trust that shall be created or

constituted for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture, as the case may be, which trust shall be created or constituted either under Québec law or under the law of any other appropriate jurisdiction and, if so created or constituted in another appropriate jurisdiction, shall be subject to the trust laws of such jurisdiction. Any such trust shall be automatically created by the mere fact of the transfer to or taking of possession by the Trustee of the property subject to and for the purposes of such trust and such provisions of the Civil Code shall automatically apply thereto unless such transfer and taking of possession occurs outside of Québec and it has previously been, or it is then, expressly agreed between the Company and the Trustee (acting in its sole discretion) that the trust laws in the jurisdiction where such transfer or taking of possession occurs shall apply or the laws of such jurisdiction make it mandatory that its trust laws apply to any trust created hereunder as a result of such transfer or taking of possession.

Section 1.08. **Accounting Changes**

For the purposes of this Indenture, any failure to comply with any covenant or agreement under this Indenture (other than the covenants described in Section 4.09(1) and Section 4.10) that results solely from a change in GAAP, shall, to the extent that the underlying transactions, items or Incurrences (including, without limitation, Liens and items of Indebtedness) (or portions thereof) cannot be reclassified in a manner that results in compliance with the relevant covenant or agreement, be permitted and shall, solely to the extent of the non-compliance, be deemed not to be a failure to comply with such covenant or agreement.

ARTICLE 2.

THE NOTES

Section 2.01. **Form and Dating**

(a) ***General.*** The Notes and the Trustee's certificate of authentication shall be substantially in the form included in Exhibit A hereto, which is hereby incorporated in and expressly made part of this Indenture. The Notes may have notations, legends or endorsements required by law, exchange rule or usage in addition to those set forth on Exhibit A. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Notes shall constitute a part of this Indenture, and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. To the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) ***Form of Notes.*** Notes shall be issued initially in Book-Entry Only Form represented by one or more fully registered Global Notes and shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto) held by, or on behalf of, the Depositary (for its Participants) and registered on the Security Register maintained by the Trustee pursuant to Section 2.03 in the name of the Depositary or its nominee, and it is expressly acknowledged that any such registrations of ownership and transfers of such Global Note(s), or interests of Participants therein, will be made by the Depositary only through the Book-Entry System. Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such aggregate principal amount of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and transfers of interests therein. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) ***Book-Entry Provisions.*** This Section 2.01(c) shall apply only to Global Notes deposited with the Trustee, as custodian for the Depositary. Participants and Indirect Participants shall have no rights under this Indenture or any Global Note with respect to any Global Note held on their behalf by the Depositary or by the

Trustee as custodian for the Depository, and the Depository shall be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Subject to this Section 2.01(c), the rights of Participants and Indirect Participants in any Global Note (including the right to receive a certificate or other instrument evidencing an ownership interest in such Global Note) shall be limited to those established by any agreement (including a Book-Entry Only Securities Services Agreement) between the Company and the Depository, by applicable law and by any agreements among the Depository and its Participants and among such Participants and the Indirect Participants, and must be exercised through a Participant in accordance with the Applicable Procedures. Accordingly, except as provided in Section 2.06, neither the Company nor the Trustee shall be under any obligation to deliver, nor shall any Participant or Indirect Participant or any owner of any beneficial interest in any Global Note have any right to require the delivery of, a Definitive Note or other instrument evidencing an interest in respect of such Note, and, for so long as no Definitive Note has been issued, the responsibility and liability of the Company in respect of notices or payments on the Notes will be limited to giving notice or making payment of any principal, redemption price, if any, and interest due on the Notes to the Depository or its nominee. Any notice required or permitted to be given to Holders while the Notes are represented by Global Notes held by, or on behalf of, the Depository or its nominee as part of the Book-Entry System, shall be provided to the Depository. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants or Indirect Participants, the Applicable Procedures or the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) ***Dealings with the Depository.*** The Company and the Trustee acknowledge that subject to and in accordance with Applicable Procedures, each Participant must look solely to the Depository through its paying agent service, for so long as the Depository is the registered holder of Global Notes, for its share of each payment made by the Trustee or the Company, as the case may be, to the registered holder of the Global Notes, and each Indirect Participant must look solely to Participants for its share of such payments. *Provided* that the Company (or the Paying Agent, as applicable) has made payments to the Depository in respect of the Global Notes as required by this Indenture and except as otherwise provided in Sections 8.06 or 11.03 of this Indenture, no person, including any Participant, shall have any claim against the Company in respect of payments due on such Global Notes and the obligations of the Company shall be discharged by payment to the Depository, in respect of each amount so paid.

The Company and the Trustee understand that, if so requested by the Trustee or the Company, the Depository will, within three Business Days of such request, deliver to such requesting party a certified list of Participants (the “*Participants List*”) as at the date requested by such party showing the name and address of each Participant together with the aggregate principal amount of such Participant’s interest in the Notes and that for so long as interests in the Notes are represented by the Global Notes, the Depository shall, upon the reasonable request of the Trustee or the Company from time to time, deliver to such requesting party a copy of the then current Participants List and such additional information as the Trustee or Company may reasonably request. The Company and the Trustee shall be entitled to rely upon all such information provided by the Depository to the Company and the Trustee.

The Company and the Trustee understand that the Depository acts as the agent and depository for the Participants and the Company and the Trustee further acknowledge and agree that neither the Company nor the Trustee shall have any liability or responsibility for: (i) any aspect of the records relating to the beneficial ownership of the Notes held by the Depository or the payments relating to such Notes, (ii) maintaining, supervising or reviewing any records relating to the beneficial ownership of Notes held by the Depository, or (iii) any advice or representation made by or with respect to the Depository and contained in this Indenture or any indenture supplemental to this Indenture with respect to the rules and regulations governing the Depository or any action to be taken by the Depository or at the direction of the Participants. In the event of any conflict between this Indenture and any such agreement between the Company and the Depository, the terms of any such agreement shall prevail.

*Section 2.02.***Execution and Authentication.**

(a) One Officer shall execute the Notes on behalf of the Company by manual or facsimile signature.

(b) If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated by the Trustee, the Note shall nevertheless be valid.

(c) A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

(d) The Trustee shall, upon a written order of the Company signed by an Officer (an “*Authentication Order*”), authenticate Notes for original issue.

(e) The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless otherwise provided in such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent shall have the same rights as an Agent with respect to Holders.

Section 2.03. Registrar and Paying Agent

(a) The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (“*Registrar*”) and an office or agency where Notes may be presented for payment (“*Paying Agent*”). The Registrar shall keep a register, on behalf of the Company, of particulars of the Notes and of their transfer and exchange (the “*Security Register*”). The Company may appoint one or more co-registrars and one or more additional paying agents. The term “*Registrar*” includes any co-registrar and the term “*Paying Agent*” includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

(b) The Company initially appoints CDS to act as Depository with respect to the Global Notes.

(c) The Company initially appoints the Trustee to act as Registrar and Paying Agent and to act as Custodian with respect to the Global Notes, and the Trustee hereby agrees so to initially act.

Without limiting the foregoing, in connection with any issue(s) of Notes to purchasers in the United States of America or any other foreign jurisdictions, the Company may by such written instrument deemed appropriate by the Company, appoint from time to time directly or through the Depository or Trustee:

- (i) a depository incorporated or organized under the laws of a foreign jurisdiction in addition or in lieu of the Depository;
- (ii) a paying agent incorporated or organized under the laws of a foreign jurisdiction in addition to or in lieu of the Paying Agent; and
- (iii) a registrar for the purposes of registering Notes and transfers of Notes, incorporated or organized under the laws of a foreign jurisdiction in addition to the Registrar;

and, in addition, the Trustee may also appoint, with the prior consent of the Company, one or more co-certifying agent(s) incorporated or organized under the laws of a foreign jurisdiction(s).

The Security Register shall at all reasonable times, and at such reasonable costs as established by the Trustee, be open for inspection by the Company or any Holder. The Trustee and every Registrar shall from time to time when requested so to do by the Company or by the Trustee furnish the Company or the Trustee, as the case may be, with a list of names and addresses of holders of Notes entered on the register kept by them and showing the principal amount and serial numbers of the Notes held by each such holder.

Section 2.04. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all funds held by it relating to the Notes to the Trustee. The Company at any time may require a Paying Agent to pay all funds held by it relating to the Notes to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for such funds. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all funds held by it as Paying Agent. Upon any Event of Default under Sections 6.01(ix) and (x) hereof relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date or such shorter time as the Trustee may allow, as the Trustee may reasonably require of the names and addresses of the Holders.

Section 2.06. Transfer and Exchange.

(a) ***Transfer and Exchange of Global Notes.*** A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. The Company shall exchange Global Notes for Definitive Notes if: (1) required by applicable law; (2) the Book-Entry System ceases to exist; (3) the Company determines, at its option, that the Global Notes shall be exchanged for Definitive Notes (including, without limitation, in circumstances where the Company considers it impracticable or inefficient to effect any distribution or conversion in respect of the Notes through the facilities of the Depositary) and delivers a written notice to such effect to the Trustee, (4) the Company or the Depositary advises the Trustee that the Depositary is no longer willing, able or qualified to properly discharge its responsibilities as depositary with respect to the Notes and the Company or the Trustee is unable to locate a qualified successor, (5) after the occurrence of an Event of Default, the Depositary notifies the Trustee that it has received written notification from Participants, acting on behalf of Indirect Participants representing, in the aggregate, in excess of 50% of aggregate principal amount of beneficial ownership interests in the Global Notes, that it is no longer in their best interest that the Global Notes be held by the Depositary, or (6) the Depositary ceases to be a recognized clearing agency under applicable Canadian provincial securities laws or otherwise ceases to be eligible to act as a depository and a successor is not appointed. Upon the occurrence of any of the preceding events in clauses (1), (2), (3), (4), (5) or (6) above, the Trustee shall notify the Depositary, for and on behalf of Participants and Indirect Participants, of the termination of the Book-Entry System and that the Notes will be represented by Definitive Notes, and Definitive Notes shall be issued in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof and registered and in such names as the Depositary shall instruct the Trustee in writing. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Except as provided above, every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), and beneficial interests in a Global Note may not be transferred and exchanged other than as provided in Section 2.06(b) or (c) hereof.

(b) ***Transfer and Exchange of Beneficial Interests in the Global Notes.*** The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary in accordance with the provisions of this Indenture and the Applicable Procedures. It is expressly acknowledged that transfers of beneficial ownership in any Note represented by a Global Note will be effected only (i) with respect to the interest of Participants, through records maintained by the Depositary or its nominee for the Global Notes, and (ii) with respect to interests of persons other than Participants, through records maintained by Participants. Indirect Participants who

desire to purchase, sell or otherwise transfer ownership of or other interest in Notes represented by a Global Note may do so only through a Participant. Beneficial interests in Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the 1933 Act and Applicable Securities Legislation. Transfers of beneficial interests in Global Notes also shall require compliance with either clause (i) or (ii) below, as applicable, as well as one or more of the other following clauses, as applicable:

- (i) **Transfer of Beneficial Interests in the Same Global Note.** Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend and any Applicable Procedures; *provided, however*, that prior to the expiration of the Distribution Compliance Period, transfers of beneficial interests in the Canadian Placement Global Note may not be made to or for the account or benefit of a “U.S. Person” (as defined in Rule 902(k) of Regulation S) (other than a “distributor” (as defined in Rule 902(d) of Regulation S)). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, subject, however, to such transfer being in accordance with the transfer restrictions set forth in the Canadian Placement Legend and any Applicable Procedures. Except as may be required by any Applicable Procedures, no written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).
- (ii) **All Other Transfers and Exchanges of Beneficial Interests in Global Notes.** In connection with all transfers and exchanges of beneficial interests other than those that are subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A)(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) if permitted under Section 2.06(a) hereof, (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (B)(1) above. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the 1933 Act and/or Applicable Securities Legislation, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.
- (iii) **Transfer of Beneficial Interests in a Restricted Global Note to Another Restricted Global Note.** A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:
 - (A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and
 - (B) if the transferee will take delivery in the form of a beneficial interest in a Canadian Placement Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof;

provided, however, that prior to the expiration of the Distribution Compliance Period, transfers of beneficial interests in the Canadian Placement Global Note may not be made to or for the account or benefit of a “U.S. Person” (as defined in Rule 902(k) of Regulation S) (other than a “distributor” (as defined in Rule 902(d) of Regulation S)).

- (iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:
- (1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or
 - (2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Company or the Registrar so requests or if the Applicable Procedures so require, such certifications and/or an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

If any such transfer is effected at a time when an Unrestricted Global Note has not been issued, the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(iv).

(c) ***Transfer or Exchange of Beneficial Interests for Definitive Notes.***

- (i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. Subject to Section 2.06(a) hereof, if any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:
- (A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;
 - (B) if such beneficial interest is being transferred in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of applicable Canadian provincial securities laws and to a non-U.S. Person (within the meaning of Rule 902(k) of Regulation S) in an offshore transaction

in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

- (C) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;
- (D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the 1933 Act in accordance with Rule 144 under the 1933 Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the 1933 Act other than those listed in clauses (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, as applicable; or
- (F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof,

the Trustee shall reduce or cause to be reduced in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the applicable Restricted Global Note, and the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver a Restricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such beneficial interest in instructions delivered to the Registrar by the Depositary and the applicable Participant or Indirect Participant on behalf of such holder, *provided, however,* that no beneficial interest in a Canadian Placement Global Note shall be exchanged for or transferred to a Person who takes delivery thereof in the form of a Restricted Definitive Note prior to the expiration of the Distribution Compliance Period. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall designate in such instructions. The Trustee shall deliver such Restricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

- (ii) **Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.** Subject to Section 2.06(a) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:
 - (1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or
 - (2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act, *provided, however*, that no beneficial interest in a Canadian Placement Global Note shall be exchanged for or transferred to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note prior to the expiration of the Distribution Compliance Period.

Upon satisfaction of the conditions of any of the clauses of this Section 2.06(c)(ii) the Company shall execute, and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver an Unrestricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such beneficial interest in instructions delivered to the Registrar by the Depositary and the applicable Participant or Indirect Participant on behalf of such holder, and the Trustee shall reduce or cause to be reduced in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the applicable Restricted Global Note.

- (iii) **Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.** Subject to Section 2.06(a) hereof, if any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note, then, upon satisfaction of the applicable conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall reduce or cause to be reduced in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the applicable Unrestricted Global Note, and the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver an Unrestricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such beneficial interest in instructions delivered to the Registrar by the Depositary and the applicable Participant or Indirect Participant on behalf of such holder. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall designate in such instructions. The Trustee shall deliver such Unrestricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the U.S. Legend.

(d) ***Transfer and Exchange of Definitive Notes for Beneficial Interests.***

- (i) **Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.** If any holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:
- (A) if the holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;
- (B) if such Restricted Definitive Note is being transferred in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of Applicable Securities Legislation and to a non-U.S. Person (within the meaning of Rule 902(k) of Regulation S) in an offshore transaction

in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

- (C) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, a Canadian Placement Global Note, and in the case of clause (C) above, a 144A Global Note.

- (ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

- (1) if the holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or
- (2) if the holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and applicable Canadian provincial securities laws, if applicable, and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

Upon satisfaction of the conditions of any of the clauses in this Section 2.06(d)(ii), the Trustee shall cancel such Restricted Definitive Note and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the Unrestricted Global Note.

- (iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of one of the Unrestricted Global Notes.

- (iv) Issuance of Unrestricted Global Notes. If any such exchange or transfer of a Definitive Note for a beneficial interest in an Unrestricted Global Note is to be effected pursuant to clause (ii) or (iii) above at a time when an Unrestricted Global Note has not been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes

in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) ***Transfer and Exchange of Definitive Notes for Definitive Notes.*** Upon request by a holder of Definitive Notes and such holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such holder. In addition, the requesting holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

- (i) **Restricted Definitive Notes to Restricted Definitive Notes.** Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:
 - (A) if the transfer will be made in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of Applicable Securities Legislation and will be made pursuant to Rule 903 or Rule 904, a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof;
 - (B) if the transfer will be made pursuant to Rule 144A, a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and
 - (C) if the transfer will be made pursuant to any other exemption from the registration requirements of the 1933 Act, a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.
- (ii) **Restricted Definitive Notes to Unrestricted Definitive Notes.** Any Restricted Definitive Note may be exchanged by the holder and registered in the names of the persons who take delivery thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:
 - (1) if the holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or
 - (2) if the holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation, and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

Upon satisfaction of the conditions of any of the clauses of Section 2.06(e)(ii) the Trustee shall cancel the prior Restricted Definitive Note and the Company shall execute, and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver an Unrestricted Definitive Note in

the appropriate principal amount to the Person designated by the holder of such prior Restricted Definitive Note in instructions delivered to the Registrar by such holder.

- (iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holders thereof.

(f) **Legends.** The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

- (i) Private Placement Legends.

- (A) Except as permitted by clause (C) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form (the "*U.S. Legend*"):

"THIS NOTE AND THE GUARANTEES HEREOF (TOGETHER, THIS "SECURITY") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN AGREES FOR THE BENEFIT OF VIDEOTRON LTD. ("VIDEOTRON") NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH VIDEOTRON OR ANY AFFILIATE OF VIDEOTRON WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), EXCEPT (A) TO VIDEOTRON OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT AND IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000 PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION OF THE NOTES IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND, IN EACH CASE SUBJECT TO APPLICABLE STATE OR NON-U.S. LAW AND SUBJECT TO VIDEOTRON'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C), (D) OR (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH

OF THEM AND (II) TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.”

- (B) Each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form (the “*Canadian Placement Legend*”):

“CANADIAN RESALES LEGEND:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) OCTOBER 8, 2019, AND (II) THE DATE THAT VIDEOTRON BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

- (C) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to clauses (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), or (e)(iii) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the U.S. Legend.
- (ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form, subject to such modification as required by the Depositary:

“THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO VIDEOTRON LTD. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

- (g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or cancelled in whole and not in part, each such Global Note shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(h) ***General Provisions Relating to Transfers and Exchanges.***

- (i) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 4.12, 4.18 and 9.04 hereof).
- (ii) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same Indebtedness, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.
- (iii) Neither the Registrar nor the Company shall be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the date of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date (including a Regular Record Date) and the next succeeding Interest Payment Date.
- (iv) All transfers of any Notes shall be presented to, and registered by, the Registrar, and prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes, in each case regardless of any notice to the contrary.
- (v) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.
- (vi) The Trustee is hereby authorized and directed to enter into a letter of representation with the Depository in the form provided by the Company and to act in accordance with such letter.
- (vii) The registered Holder of a Note shall be treated as the owner of it for all purposes. Notwithstanding the foregoing, it is understood that amounts withheld from the registered Holder and the determination of obligations hereunder to pay Additional Amounts, if any, on the Notes shall in each case be determined with respect to the ultimate beneficial holder and not the registered Holder.
- (viii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among depositary participants or beneficial owners of interests in any Global Notes) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

Section 2.07. **Replacement Notes.**

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, shall authenticate a replacement Note. The Holder of such Note shall provide indemnity sufficient, in the judgment of the Trustee or the Company, as applicable, to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer in connection with such replacement. If required by the Company, such Holder shall reimburse the Company for its reasonable expenses in connection with such replacement.

Every replacement Note issued in accordance with this Section 2.07 shall be the valid obligation of the Company evidencing the same Indebtedness as the destroyed, lost or stolen Note and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08. **Outstanding Notes.**

- (1) The Notes outstanding at any time shall be the entire principal amount of Notes represented by all the Global Notes and Definitive Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those subject to reductions in beneficial interests effected by the Trustee in accordance with Section 2.06 hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note shall not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; *provided, however,* that Notes held by the Company or a Subsidiary of the Company shall be deemed not to be outstanding for purposes of Section 3.07(3) hereof.
- (2) If a Note is replaced pursuant to Section 2.07 hereof, it shall cease to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.
- (3) If the principal amount of any Note is considered paid under Section 4.01 hereof, it shall cease to be outstanding and interest on it shall cease to accrue.
- (4) If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date, a Purchase Date or maturity date, funds sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09. **Treasury Notes.**

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Affiliate of the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes as to which a Responsible Officer of the Trustee has received an Officers' Certificate stating that such Notes are so owned shall be so disregarded.

Section 2.10. **Temporary Notes.**

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Global Notes or Definitive Notes in exchange for temporary Notes, as applicable.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.11. **Cancellation.**

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. Upon sole direction of the Company, the Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Notes (subject to the record retention requirements of applicable laws). Certification of the destruction of all cancelled Notes shall be delivered to the Company from time to time upon request. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12. **Defaulted Interest.**

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13. **CUSIP or ISIN Numbers.**

The Company in issuing the Notes may use “CUSIP” or “ISIN” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” or “ISIN” numbers in notices of redemption as a convenience to Holders; *provided, however,* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or notice of an Offer to Purchase and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or Offer to Purchase shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the “CUSIP” or “ISIN” numbers.

Section 2.14. **Issuance of Additional Notes.**

The Company shall be entitled, subject to its compliance with Section 4.09 hereof, to issue Additional Notes under this Indenture which shall have identical terms as the Initial Notes issued on the date hereof, other than with respect to the date of issuance, and issue price. The Initial Notes issued on the date hereof, and any Additional Notes shall be treated as a single class for all purposes under this Indenture, including without limitation, directions, waivers, consents, redemptions and Offers to Purchase.

With respect to any Additional Notes, the Company shall set forth in a Board Resolution and an Officers’ Certificate, a copy of each of which shall be delivered to the Trustee, the following information:

- (1) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (2) the issue price, the issue date and the CUSIP and/or ISIN number of such Additional Notes *provided, however,* that no Additional Notes may be issued at a price that would cause such Additional Notes to have “original issue discount” within the meaning of Section 1273 of the Code; and
- (3) whether such Additional Notes shall be subject to the restrictions on transfer set forth in Section 2.06 hereof relating to Restricted Global Notes and Restricted Definitive Notes.

ARTICLE 3.

REDEMPTION AND PREPAYMENT

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 20 days (or such shorter period as allowed by the Trustee) but not more than 60 days before a redemption date (or such shorter period as allowed by the Trustee), an Officers' Certificate setting forth (i) the applicable section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02. Selection of Notes to be Redeemed.

If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a *pro rata* basis, by lot in accordance with the applicable procedures of CDS or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 15 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$1,000 or integral multiples of \$1,000 in excess thereof, except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not an integral multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03. Notice of Redemption.

Notices of redemption shall be sent, at least 15 days but not more than 60 days before the redemption date, to each Holder whose Notes are to be redeemed at such Holder's address appearing in the Security Register maintained in respect of the Notes by the Registrar (with a copy to the Trustee), or otherwise delivered in accordance with the procedures of the Depository, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture.

The notice shall identify the Notes (including CUSIP numbers) to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price or if the redemption is made pursuant to Section 3.07(2) hereof a calculation of the redemption price;
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;
- (4) if such redemption is subject to the satisfaction of one or more conditions precedent, a description of each such condition, and if applicable, a statement that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 30 days after the initial redemption date), or such redemption may not occur and such notice may be

rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed;

- (5) the name and address of the Paying Agent;
- (6) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (7) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (8) the applicable section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (9) that no representation is made as to the correctness of the CUSIP or ISIN numbers, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however,* that the Company shall have delivered to the Trustee, at least 20 days (or such shorter period allowed by the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice (in the name and at the expense of the Company) and setting forth the information to be stated in such notice as provided in this Section 3.03.

Notwithstanding any other provision of this Indenture, where this Indenture or any Note provides for notice or communication of any event (including any notice of redemption) to a Holder of a Global Note (whether by mail or otherwise), any such notice or communication permitted or required to be sent to a Holder of a Global Note may be sent in accordance with the applicable procedures of CDS (or other applicable depositary) and shall be sufficiently given if so sent within the time prescribed.

Section 3.04. Effect of Notice of Redemption; Conditions.

Once a notice of redemption is sent in accordance with Section 3.03 hereof, Notes called for redemption shall, subject to the satisfaction or waiver of the conditions to such redemption, if any, become irrevocably due and payable on the redemption date at the redemption price.

Any redemption may, at the Company's discretion, be subject to one or more conditions precedent, including any related Equity Offering, Change of Control or corporate transaction. If such redemption is subject to the satisfaction of one or more conditions precedent, then in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 30 days after the initial redemption date), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

Section 3.05. Deposit of Redemption Price.

On or prior to 11:00 a.m. Eastern time on the Business Day prior to any redemption date (or on or prior to 10:00 a.m. Eastern time on such redemption date itself, if so allowed by the Trustee), the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption in accordance with Section 2.08(4) hereof. If a Note is redeemed on or after a Regular Record Date but on or prior to the related Interest

Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such Regular Record Date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06. Notes Redeemed in Part

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption

- (1) Except as set forth in clauses (2) to (4) of this Section 3.07, the Notes shall not be redeemable at the option of the Company prior to October 15, 2024. Beginning on October 15, 2024, the Company may redeem all or a part of the Notes, at once or over time, in accordance with Section 3.03 hereof, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to (but excluding) the applicable redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date), if redeemed during the twelve-month period commencing on October 15 of the years indicated below:

Redemption Year	Percentage
2024	102.25%
2025	101.50%
2026	100.75%
2027 and thereafter	100.00%

- (2) At any time prior to October 15, 2022, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under this Indenture, in accordance with Section 3.03 hereof, at a redemption price (expressed as a percentage of principal amount) equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date) with the net cash proceeds of one or more Equity Offerings; *provided, however,* that (i) at least 60% of the aggregate principal amount of the Notes issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remain outstanding immediately following such redemption and (ii) any such redemption occurs within 90 days of the date of the closing of any such Equity Offering.
- (3) If the Company becomes obligated to pay any Additional Amounts because of a change in the laws or regulations of Canada or any Canadian Taxing Authority, or a change in any official position regarding the application or interpretation thereof, in either case that is publicly announced or becomes effective on or after the Issue Date, the Company may, at any time, redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but excluding) the redemption date, *provided* that at any time that the aggregate principal amount of the Notes outstanding is greater than \$20.0 million, any Holder of the Notes may, to the extent that it does not adversely affect the Company's after-tax position, at its option, waive the Company's compliance with the provisions of Section 4.20 hereof with respect to such Holder's Notes; *provided, further,* that if any Holder waives such compliance, the Company may not redeem that Holder's Notes pursuant to this Section 3.07(3).

- (4) Prior to October 15, 2024, the Company may redeem the Notes, in whole or in part, in accordance with Section 3.03 hereof, at a redemption price equal to the greater of (a) the Canada Yield Price and (b) 100% of the aggregate principal amount of Notes to be redeemed, plus, in each case, accrued and unpaid interest thereon to (but excluding) the redemption date.
- (5) Any prepayment pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.
- (6) The Company shall be responsible for making all calculations called for under this Indenture and the Notes. The Company will make all such calculations in good faith and, absent manifest error, its calculations will be final and binding on Holders. The Company will provide a schedule of its calculations to the Trustee when applicable, and the Trustee is entitled to rely conclusively upon the accuracy of such calculations without independent verification. The Trustee will deliver a copy of any such schedule to any Holder upon the written request of such Holder.

*Section 3.08. **Mandatory Redemption; Open Market Purchases***

Except as set forth in Sections 4.12 and 4.18 hereof, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to, or offers to purchase, the Notes. The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, without restriction under this Indenture.

*Section 3.09. **Offers to Purchase***

- (1) In the event that, pursuant to Section 4.12 or 4.18 hereof, the Company shall be required to commence an Asset Sale Offer or Change of Control Offer (each, an “*Offer to Purchase*”), it shall follow the procedures specified below.
- (2) The Company shall commence the Offer to Purchase by sending, with a copy to the Trustee, to each Holder, at such Holder’s address appearing in the Security Register, or pursuant to the applicable procedures of the Depositary, a notice, the terms of which shall govern the Offer to Purchase, stating:
 - (i) that the Offer to Purchase is being made pursuant to this Section 3.09 and Section 4.12 or 4.18, as the case may be, and, in the case of a Change of Control Offer, that a Change of Control Triggering Event has occurred, the transaction or transactions that constitute the Change of Control Triggering Event, and that a Change of Control Offer is being made pursuant to Section 4.18 hereof;
 - (ii) the principal amount of Notes required to be purchased pursuant to Section 4.12 or 4.18 hereof (the “*Offer Amount*”), the purchase price, the Offer Period and the Purchase Date (each as defined below);
 - (iii) except as provided in clause (ix), that all Notes timely tendered and not withdrawn shall be accepted for payment;
 - (iv) that any Note not tendered or accepted for payment shall continue to accrue interest;
 - (v) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on or after the Purchase Date;
 - (vi) that Holders electing to have a Note purchased pursuant to the Offer to Purchase may elect to have Notes purchased in integral multiples of \$1,000 only;

- (vii) that Holders electing to have a Note purchased pursuant to the Offer to Purchase shall be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a Depository, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;
 - (viii) that Holders shall be entitled to withdraw their election if the Company, the Depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note (or portions thereof) the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;
 - (ix) that, in the case of an Asset Sale Offer, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof shall be purchased);
 - (x) that Holders whose Notes were purchased in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer); and
 - (xi) any other procedures that Holders must follow in order to tender their Notes (or portions thereof) for payment.
- (3) The Offer to Purchase shall remain open for a period of at least 15 days but no more than 60 days following the date of the notice of the Offer to Purchase, except to the extent that a longer period is required by applicable law (the “*Offer Period*”). No later than five Business Days after the termination of the Offer Period (the “*Purchase Date*”), the Company shall purchase the Offer Amount or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Offer to Purchase. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.
- (4) On or prior to the Purchase Date, the Company shall, to the extent lawful:
- (i) accept for payment (on a *pro rata* basis to the extent necessary in connection with an Asset Sale Offer) the Offer Amount of Notes or portions of Notes properly tendered pursuant to the Offer to Purchase, or if less than the Offer Amount has been tendered, all Notes tendered;
 - (ii) deposit with the Paying Agent an amount equal to the Offer Amount in respect of all Notes or portions of Notes properly tendered; and
 - (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers’ Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company and that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09.
- (5) The Company, the Depository or the Paying Agent, as the case may be, shall promptly (but in any event not later than five Business Days after the Purchase Date) deliver to each tendering Holder of Notes properly tendered and accepted by the Company for purchase the Purchase Amount for such Notes, and the Company shall promptly execute and issue a new Note, and the Trustee, upon receipt of an Authentication Order shall authenticate and deliver (or cause to be transferred by book-entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered *provided, however,* that each such new Note shall be in a principal

amount of \$1,000 or an integral multiple of \$1,000 in excess thereof. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Offer to Purchase on or as soon as practicable after the Purchase Date.

- (6) If the Purchase Date is on or after a Regular Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such Regular Record Date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Offer to Purchase.
- (7) The Company shall comply with the requirements of any securities laws and regulations to the extent those laws and regulations are applicable in connection with the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with Section 4.12 or 4.18, as applicable, this Section 3.09 or other provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under Section 4.12 or 4.18, as applicable, this Section 3.09 or such other provision by virtue of such conflict.
- (8) Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made in accordance with the provisions of Section 3.01 through 3.06 hereof.

ARTICLE 4.

COVENANTS

Section 4.01. Payment of Notes.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods), from time to time on demand at the same rate to the extent lawful.

In the case of (i) the first interest period (from October 8, 2019 to April 15, 2020), interest will be calculated on the basis of the actual number of days elapsed from October 8, 2019 to (but excluding) April 15, 2020 divided by 365, and (ii) the final interest period, if applicable (from October 15, 2029 to January 15, 2030), interest will be calculated on the basis of the actual number of days elapsed from October 15, 2029 to (but excluding) January 15, 2030 divided by 365. In the case of any other interest period that is shorter than a full semi-annual interest period due to redemption, interest will be calculated on the basis of a 365-day year and the actual number of days elapsed from (and including) the date of the previous interest payment to (but excluding) the interest payment date for such interest period.

For the purposes of the *Interest Act* (Canada), whenever interest is computed on a basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 4.02.

Maintenance of Office or Agency.

- (1) The Company shall maintain an office or agency (which may be an office or drop facility of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be presented or surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of any change in the location of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.
- (2) The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.
- (3) The Company hereby designates the Corporate Trust Office of the Trustee, as such office, drop facility or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03.

Reports.

- (1) For so long as the Company is required, pursuant to any of the respective indentures governing any outstanding series of the Existing Notes, to submit reports to the Commission, the Company shall (for so long as any Notes remain outstanding) file (or furnish, as the case may be) with the Commission and furnish to the Holders of the Notes and the Trustee:
 - (i) within 120 days after the end of each fiscal year of the Company, annual reports on the Commission's Form 20-F or Form 40-F, as applicable, or any successor form; and
 - (ii) (a) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, reports on the Commission's Form 10-Q, or any successor form, or (b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, reports on the Commission's Form 6-K, or any successor form,which, in each case, regardless of applicable requirements, shall, at a minimum, contain unaudited interim financial statements and a "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Each such report shall be deemed to be delivered to the Holders of the Notes and the Trustee if the Company either files (or furnishes, as the case may be) such report with the Commission through the Commission's EDGAR database (or successor database thereto), posts such report on its public website or furnishes such report to the Trustee. The Trustee shall have no responsibility whatsoever to determine if any reports have been posted to EDGAR or on the Company's public website.

- (2) If the Company is no longer required under any of the respective indentures governing any outstanding series of the Existing Notes, applicable law or otherwise to file or furnish such reports with the Commission and no longer does so, the Company shall instead furnish to the Holders of the Notes and the Trustee:
 - (i) within 120 days after the end of each fiscal year, annual audited financial statements; and

- (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, unaudited interim financial statements;
- in each case together with a “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

Each such report which shall be deemed to be delivered to the Holders of the Notes and the Trustee if the Company furnishes such reports to the Trustee or posts them on its public website.

- (3) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by this Section shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.
- (4) Delivery of any reports, information and documents under this Section 4.03, as well as any such reports, information and documents pursuant to this Indenture, to the Trustee is for informational purposes only and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company’s compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers’ Certificates). The Trustee shall have no responsibility or liability for the filing, timeliness or content of any report required under this Section 4.03 or any other reports, information and documents required under this Indenture (aside from any report that is expressly the responsibility of the Trustee subject to the terms hereof).

Section 4.04.

Compliance Certificate.

- (1) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, beginning with the fiscal year ending December 31, 2019, an Officers’ Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company and its Subsidiaries have kept, observed, performed and fulfilled their obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company and its Subsidiaries have kept, observed, performed and fulfilled each and every covenant contained in this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, premium, if any, or interest on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.
- (2) The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers’ Certificate of any Default or Event of Default, its status and what action the Company is taking or proposes to take with respect thereto.

Section 4.05.

Taxes.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies, except such as are being contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

Section 4.06. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. Corporate Existence.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each Restricted Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and the Restricted Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Restricted Subsidiary, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and the Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes, or that such preservation is not necessary in connection with any transaction not prohibited by this Indenture.

Section 4.08. Payments for Consent.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, pay or cause to be paid any consideration, to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.09. Incurrence of Indebtedness and Issuance of Preferred Shares

- (1) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, Incur, directly or indirectly, any Indebtedness, including Acquired Debt, and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any Preferred Shares; *provided, however*, that the Company may Incur Indebtedness, including Acquired Debt, or issue Disqualified Stock, and the Subsidiary Guarantors may Incur Indebtedness, including Acquired Debt, or issue Preferred Shares if the Company's Debt to Cash Flow Ratio at the time of Incurrence of such Indebtedness or the issuance of such Disqualified Stock or Preferred Shares, after giving *pro forma* effect to such Incurrence or issuance as of such date and to the use of proceeds therefrom, taking into account any substantially concurrent transactions related to such Incurrence, as if the same had occurred at the beginning of the most recently ended full fiscal quarter of the Company for which internal financial statements are available, would have been no greater than 5.5 to 1.0.
- (2) Paragraph (1) of this Section 4.09 shall not prohibit the Incurrence of any of the following items of Indebtedness or issuances of Preferred Shares or Disqualified Stock (each such item being referred to herein as "*Permitted Debt*"):
 - (i) the Incurrence by the Company or a Subsidiary Guarantor of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and the Restricted Subsidiaries thereunder) not to exceed an aggregate of Cdn\$1.5 billion, less the aggregate

amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiaries subsequent to October 8, 2003 to permanently repay Indebtedness under a Credit Facility (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to the provisions of Section 4.12 hereof;

- (ii) the Incurrence by the Company and the Restricted Subsidiaries of the Existing Indebtedness;
- (iii) the Incurrence by (a) the Company of Indebtedness represented by the Initial Notes, and (b) the Subsidiary Guarantors of Indebtedness represented by the Subsidiary Guarantees relating to the Initial Notes;
- (iv) the Incurrence by the Company or a Subsidiary Guarantor of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Subsidiary Guarantor, in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (iv), not to exceed the greater of (i) US\$500.0 million and (ii) 7.5% of the Company's Consolidated Net Tangible Assets at any time outstanding;
- (v) the Incurrence by the Company or any Subsidiary Guarantor of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness, other than intercompany Indebtedness, that was permitted by this Indenture to be Incurred under paragraph (1) or clauses (2)(ii), (2)(iii) or (2)(iv) of this Section 4.09;
- (vi) the Incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company and any Restricted Subsidiary; *provided, however,* that:
 - (A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Subsidiary Guarantee, in the case of a Subsidiary Guarantor, and
 - (B) (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (b) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);
- (vii) the issuance by the Company of Disqualified Stock or by any Restricted Subsidiary of Preferred Shares solely to or among the Company and any Restricted Subsidiaries; *provided, however,* that (a) any subsequent issuance or transfer of Equity Interests that results in any such Disqualified Stock or Preferred Shares being held by a Person other than the Company or a Restricted Subsidiary and (b) any sale or other transfer of any such Disqualified Stock or Preferred Shares to a Person that is not either the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an issuance of such Disqualified Stock by the Company or Preferred Shares by a Restricted Subsidiary, as the case may be, that was not permitted by this clause (vii);

- (viii) the Incurrence by the Company or any Restricted Subsidiary of Hedging Obligations that are Incurred in the ordinary course of business of the Company or such Restricted Subsidiary and not for speculative purposes; *provided, however,* that, in the case of:
 - (A) any Interest Rate Agreement, the notional principal amount of such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates; and
 - (B) any Currency Exchange Protection Agreement, such Hedging Obligation does not increase the principal amount of Indebtedness of the Company or such Restricted Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;
 - (ix) the guarantee by the Company or a Subsidiary Guarantor of Indebtedness of the Company or a Subsidiary Guarantor that was permitted to be Incurred by another provision of this Section 4.09;
 - (x) the Incurrence by the Company or any Subsidiary Guarantor of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (x), not to exceed the greater of (i) US\$150.0 million and (ii) 5.0% of the Company's Consolidated Net Tangible Assets;
 - (xi) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (xi), not to exceed US\$150.0 million, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiary subsequent to the Issue Date to permanently repay such Indebtedness (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to the provisions of Section 4.12 hereof;
 - (xii) the issuance of Preferred Shares by the Company's Unrestricted Subsidiaries or the Incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt; *provided, however,* that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, that event shall be deemed to constitute an Incurrence of Indebtedness by a Restricted Subsidiary that was not permitted by this clause (xii);
 - (xiii) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements of the Company or any Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn out obligations or other similar obligations, in each case Incurred or assumed in connection with a transaction permitted by this Indenture;
 - (xiv) the issuance of Indebtedness or Preferred Shares or Disqualified Stock in connection with a Tax Benefit Transaction; and
 - (xv) Non-Recourse Accounts Receivable Entity Indebtedness Incurred by any Accounts Receivable Entity in a Qualified Receivables Transaction.
- (3) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock or Preferred Shares in the form of additional shares of the same class of Disqualified Stock or Preferred Shares (to the extent provided for when the Indebtedness, Disqualified Stock or Preferred Shares on which such interest or dividend is paid

was originally issued) shall not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock or Preferred Shares for purposes of this Section 4.09; *provided* that in each case the amount thereof is for all other purposes included in the Consolidated Interest Expense and Indebtedness of the Company or its Restricted Subsidiary as accrued.

- (4) Neither the Company nor any Subsidiary Guarantor shall Incur any Indebtedness, including Permitted Debt, that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as applicable, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Subsidiary Guaranteee, as applicable, on substantially identical terms; *provided, however*, that no Indebtedness of the Company or a Subsidiary Guarantor shall be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as applicable, solely by virtue of collateral or lack thereof.
- (5) Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that may be Incurred pursuant to this Section 4.09 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rate of currencies.
- (6) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (2)(i) through (xv) above, or is entitled to be Incurred pursuant to paragraph (1) of this Section 4.09, the Company shall be permitted to classify such item of Indebtedness on the date of its Incurrence or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under this Indenture shall be deemed to have been Incurred on such date in reliance on the exception provided by clause (i) of paragraph (2) of this Section 4.09.

Section 4.10.

Restricted Payments.

(a) The Company shall not make, and shall not permit any Restricted Subsidiary to make, directly or indirectly, any Restricted Payment, unless, at the time of and after giving effect to such Restricted Payment,

- (1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (2) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable fiscal quarter, have been permitted to Incur at least US\$1.00 of additional Indebtedness, other than Permitted Debt, pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by the Company and its Restricted Subsidiaries after October 8, 2003, excluding Restricted Payments made pursuant to clauses (2), (3), (4), (6), (7), (8), (9) and (10) of paragraph (b) below, shall not exceed, at the date of determination, the sum, without duplication, of:
 - (i) an amount equal to the Company's Consolidated Cash Flow from October 1, 2003 to the end of the Company's most recently ended full fiscal quarter for which internal financial statements are available, taken as a single accounting period, less 1.5 times the Company's Consolidated Interest Expense from the October 1, 2003 to the end of the Company's most recently ended full fiscal quarter for which internal financial statements are available, taken as a single accounting period (or, if such amount for such period is a deficit, minus 100% of such deficit); plus

- (ii) an amount equal to 100% of Capital Stock Sale Proceeds, less any such Capital Stock Sale Proceeds used in connection with:
 - (A) an Investment made pursuant to clause (6) of the definition of “Permitted Investments;” or
 - (B) an Incurrence of Indebtedness pursuant to Section 4.09(2)(viii) hereof; plus
 - (iii) to the extent that any Restricted Investment that was made after October 8, 2003 is sold for cash or otherwise liquidated or repaid for cash (except to the extent any such payment or proceeds are included in the calculation of Consolidated Cash Flow), the lesser of (i) the cash return of capital with respect to such Restricted Investment, less the cost of disposition, if any, and (ii) the initial amount of such Restricted Investment; plus
 - (iv) to the extent that the Board of Directors of the Company designates any Unrestricted Subsidiary that was designated as such after October 8, 2003 as a Restricted Subsidiary, the lesser of (i) the aggregate Fair Market Value of all Investments owned by the Company and the Restricted Subsidiaries in such Subsidiary at the time such Subsidiary was designated as an Unrestricted Subsidiary and (ii) the then aggregate Fair Market Value of all Investments owned by the Company and the Restricted Subsidiaries in such Unrestricted Subsidiary; plus
 - (v) 100% of the net reduction in any guarantee constituting a Restricted Investment that was made after September 15, 2015 (except to the extent that such reduction results from any payment made by the Company or any Restricted Subsidiary pursuant to such guarantee), in each case not to exceed the original aggregate amount of such Restricted Investment.
- (b) The provisions of paragraph (a) above shall not prohibit:
- (1) so long as no Default has occurred and is continuing or would be caused thereby, the payment of any dividend within 60 days after the date the dividend is declared, if at that date of declaration such payment would have complied with the provisions of this Indenture; *provided, however,* that such dividend shall be included in the calculation of the amount of Restricted Payments;
 - (2) so long as no Default has occurred and is continuing or would be caused thereby, the redemption, repurchase, retirement, defeasance or other acquisition of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor or of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale, other than to a Subsidiary of the Company or an employee stock ownership plan or to a trust established by the Company or any Subsidiary of the Company for the benefit of its employees, of, Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (a)(3)(ii) above;
 - (3) so long as no Default has occurred and is continuing or would be caused thereby, the defeasance, redemption, repurchase or other acquisition of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from an Incurrence of Permitted Refinancing Indebtedness;
 - (4) any payment by the Company or a Restricted Subsidiary to any one of the other of them;
 - (5) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value by the Company of any Equity Interests of the Company held by any member of the management of the Company or any of its Subsidiaries pursuant to any management equity subscription agreement or stock option agreement; *provided,*

however, that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed US\$5.0 million in any twelve-month period;

- (6) payments of any kind made in connection with or in respect of Back-to-Back Securities; *provided, however*, that to the extent such payments shall be made to Affiliates of the Company (other than its Subsidiaries), all corresponding payments required to be paid by such Affiliates pursuant to the related Back-to-Back Securities shall be received, immediately prior to or concurrently with any such payments, by all applicable Videotron Entities;
- (7) so long as no Default has occurred and is continuing or would be caused thereby, any Tax Benefit Transaction;
- (8) so long as no Default has occurred and is continuing or would be caused thereby, the payment of any Management Fees or other similar expenses by the Company to its direct or indirect parent company for bona fide services (including reimbursement for expenses incurred in connection with, or allocation of corporate expenses in relation to, providing such services) provided to, and directly related to the operations of, the Company and the Restricted Subsidiaries, in an aggregate amount not to exceed 1.5% of Consolidated Revenues in any twelve-month period;
- (9) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments since October 8, 2003 in an aggregate amount not to exceed US\$100.0 million;
- (10) so long as no Default has occurred and is continuing or would be caused thereby and the Debt to Cash Flow Ratio is no greater than 5.0 to 1 (calculated on a *pro forma* basis as if such payment, including any related financing transaction, had occurred at the beginning of the applicable fiscal quarter), the payment of dividends or distributions to Quebecor Media or the repayment of the QMI Subordinated Loan, in an aggregate amount not to exceed Cdn\$200.0 million since October 8, 2003; and
- (11) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, any Restricted Payment, *provided* that the Debt to Cash Flow Ratio, calculated on a *pro forma* basis as if such Restricted Payment, including any related financing transaction, had occurred at the beginning of the applicable fiscal quarter, is less than or equal to 2.50:1.00.

(c) The amount of any Restricted Payment, other than those effected in cash, shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this Section 4.10, in the event that a Restricted Payment or Permitted Investment at any time meets the criteria of one or more categories of Restricted Payments described in clauses (1)–(11) of paragraph (b) of this Section 4.10, meets the criteria of one or more categories of the definition of Permitted Investments and/or is permitted pursuant to paragraph (a) of this Section 4.10, the Company will be permitted in its sole discretion to divide or classify (or later redivide or reclassify) in whole or in part such Restricted Payment or Permitted Investment in any manner that complies with this Section 4.10 at such time.

(d) For purposes of this Section 4.10, if (i) any Videotron Entity ceases to be the obligor under or issuer of any Back-to-Back Securities and a Person other than a Videotron Entity becomes the obligor thereunder (or the issuer of any Back-to-Back Preferred Shares) or (ii) any Restricted Subsidiary that is an obligor under or issuer of any Back-to-Back Securities ceases to be a Restricted Subsidiary other than by consolidation or merger with the Company or another Restricted Subsidiary, then the Company or such Restricted Subsidiary shall be deemed to have made a Restricted Payment in an amount equal to the accreted value of such Back-to-Back Debt (or the subscription price of any Back-to-Back Preferred Shares) at the time of the assumption thereof by such other Person or at the time such Restricted Subsidiary ceases to be a Restricted Subsidiary.

Section 4.11. **Liens.**

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist or become effective any Lien of any kind on any asset owned on October 8, 2003 or thereafter acquired, except Permitted Liens, unless the Company or such Restricted Subsidiary has made or will make effective provision to secure the Notes and any applicable Subsidiary Guarantees equally and ratably with the obligations of the Company or such Restricted Subsidiary secured by such Lien for so long as such obligations are secured by such Lien.

Section 4.12. **Asset Sales.**

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, consummate an Asset Sale unless:

- (1) the Company, or the Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (2) at least 75% of the consideration received in such Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this clause (3), each of the following shall be deemed to be cash:
 - (i) any Indebtedness or other liabilities, as shown on the Company's or such Restricted Subsidiary's most recent balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and Indebtedness that are by their terms subordinated to with the Notes or any Subsidiary Guarantee and liabilities to the extent owed to the Company or any Affiliate of the Company), that are (i) assumed by the transferee of any such assets pursuant to a written agreement that releases the Company or such Restricted Subsidiary from further liability with respect to such Indebtedness or liabilities or (ii) are otherwise discharged or forgiven by such transferee;
 - (ii) any Designated Non-cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (b) since the Issue Date, not to exceed 5% of the Company's Consolidated Net Tangible Assets (determined at the time of contractual agreement to the relevant Asset Sale), with the fair market value of each item of Designated Non-cash Consideration being measured at the time of contractual agreement to the relevant Asset Sale and without giving effect to subsequent changes in value; and
 - (iii) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted within 180 days of the applicable Asset Sale by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in such conversion.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply those Net Proceeds at its option:

- (1) to permanently repay or reduce (i) Indebtedness, other than Subordinated Indebtedness, of the Company or a Subsidiary Guarantor secured by such assets, (ii) Indebtedness of the Company or a Subsidiary Guarantor under Credit Facilities or other Indebtedness of the Company that is by its terms *pari passu* with the Notes, or (iii) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor, and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

- (2) to acquire, or enter into a binding agreement to acquire, all or substantially all of the assets (other than cash, Cash Equivalents and securities) of any Person engaged in a Permitted Business; *provided, however,* that any such commitment shall be subject only to customary conditions (other than financing), and such acquisition shall be consummated no later than 180 days after the end of such 360-day period;
- (3) to acquire, or enter into a binding agreement to acquire, Voting Stock of a Person engaged in a Permitted Business from a Person that is not an Affiliate of the Company; *provided, however,* that such commitment shall be subject only to customary conditions (other than financing) and such acquisition shall be consummated no later than 180 days after the end of such 360-day period; and *provided, further, however,* that (a) after giving effect thereto, the Person so acquired becomes a Restricted Subsidiary and (b) such acquisition is otherwise made in accordance with this Indenture, including, without limitation, Section 4.10 hereof; or
- (4) to acquire, or enter into a binding agreement to acquire, other long-term assets (other than securities) that are used or useful in a Permitted Business; *provided, however,* that such commitment shall be subject only to customary conditions (other than financing) and such acquisition shall be consummated no later than 180 days after the end of such 360-day period.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales that are not applied, invested or segregated from the general funds of the Company for investment in identified assets pursuant to a binding agreement, in each case as provided in paragraph (c) above shall constitute Excess Proceeds; *provided, however,* that the amount of any Net Proceeds that ceases to be so segregated as contemplated in paragraph (c) above shall also constitute “*Excess Proceeds*” at the time any such Net Proceeds cease to be so segregated; *provided further, however,* that the amount of any Net Proceeds that continues to be segregated for investment and that is not actually reinvested within twenty-four months from the date of the receipt of such Net Proceeds shall also constitute “*Excess Proceeds*.”

(d) When the aggregate amount of Excess Proceeds exceeds US\$100.0 million, the Company shall make an offer (an “*Asset Sale Offer*”) to all Holders of Notes and all holders of other Indebtedness that is *pari passu* in right of payment with the Notes or any Subsidiary Guarantee containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds in accordance with the procedures set forth in Section 3.09 hereof. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount of the Notes and such other *pari passu* Indebtedness, plus accrued and unpaid interest to (but excluding) the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer and all Holders of Notes have been given the opportunity to tender their Notes for purchase in accordance with such Asset Sale Offer and this Indenture, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness shall be purchased on a *pro rata* basis (subject to Notes being in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof) based on the principal amount of Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Company shall comply with the requirements of applicable securities laws and regulations to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such conflict.

Section 4.13. **Dividend and Other Payment Restrictions Affecting Subsidiaries.**

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Equity Interests to the Company or any other Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any liabilities owed to the Company or any other Restricted Subsidiary;
- (2) make loans or advances, or guarantee any such loans or advances, to the Company or any other Restricted Subsidiary; or
- (3) transfer any of its properties or assets to the Company or any other Restricted Subsidiary.

(b) The restrictions set forth in paragraph (a) above shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness and Credit Facilities as in effect on October 8, 2003 and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided, however,* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such Existing Indebtedness and Credit Facilities, as in effect on October 8, 2003;
- (2) this Indenture and the Notes;
- (3) applicable law or any applicable rule, regulation or order;
- (4) any instrument governing Indebtedness or Capital Stock of a Person as in effect at the time such Person becomes a Restricted Subsidiary of the Company (except to the extent such Indebtedness or Capital Stock was Incurred or issued in connection with or in contemplation of such Person becoming a Restricted Subsidiary), which encumbrance or restriction is not applicable to the Company or any other Restricted Subsidiary of the Company, or the properties or assets of the Company or any other Restricted Subsidiary of the Company, other than the Person, or the property or assets of such Person; *provided, however,* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred at the time such Person becomes a Restricted Subsidiary;
- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;
- (6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of paragraph (a) above;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by such Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness; *provided, however,* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; *provided, further, however,* that if such Permitted Refinancing Indebtedness could not be entered into on commercially reasonable terms without the inclusion of dividend and other payment

restrictions that are materially more restrictive than those contained in the existing Indebtedness (as determined in good faith by the Board of Directors of the Company), the Company or its Restricted Subsidiary may enter into such Permitted Refinancing Indebtedness, *provided* that the dividend and other payment restrictions contained therein will not materially impair the Company's ability to make payments on the Notes (as determined in good faith by the Board of Directors of the Company);

- (9) Liens securing Indebtedness that is permitted to be secured without also securing the Notes or the applicable Subsidiary Guarantee pursuant to Section 4.11 hereof that limit the right of the debtor to dispose of the assets subject to any such Lien;
- (10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;
- (11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (12) any Indebtedness or any agreement pursuant to which such Indebtedness was issued if (a) the encumbrance or restriction applies only upon a payment or financial covenant default or event of default contained in such Indebtedness or agreement, (b) such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Board of Directors of the Company) and (c) such encumbrance or restriction will not materially impair the Company's ability to make payments on the Notes (as determined in good faith by the Board of Directors of the Company); and
- (13) Non-Recourse Accounts Receivable Entity Indebtedness or other contractual requirements of an Accounts Receivable Entity in connection with a Qualified Receivables Transaction; *provided* that such restrictions apply only to such Accounts Receivables Entity or the receivables which are subject to the Qualified Receivables Transaction.

Section 4.14.

Transactions with Affiliates.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, make any payment to, or sell, lease, transfer, exchange or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, officer or director of the Company (each, an "*Affiliate Transaction*") unless:

- (1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with an unrelated Person; and
- (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions with a fair market value in excess of US\$75.0 million, such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of the Company.

(b) The following items shall be deemed not to constitute Affiliate Transactions and, therefore, shall not be subject to the provisions of paragraph (a) above:

- (1) any employment agreement entered into by the Company or any Restricted Subsidiary in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary;

- (2) transactions between or among the Company and/or the Restricted Subsidiaries;
- (3) transactions with a Person that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person, *provided* such transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with an unrelated Person;
- (4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company;
- (5) sales of Equity Interests of the Company, other than Disqualified Stock or Back-to-Back Securities, to Affiliates of the Company;
- (6) any agreement or arrangement as in effect on October 8, 2003 or any amendment thereto or any transaction contemplated thereby, including pursuant to any amendment thereto, in any replacement agreement or arrangement thereto so long as any such amendment or replacement agreement or arrangement is not more disadvantageous to the Company or the Restricted Subsidiaries, as the case may be, in any material respect than the original agreement as in effect on October 8, 2003;
- (7) Restricted Payments that are permitted by the provisions of Section 4.10 hereof;
- (8) Permitted Investments;
- (9) any Tax Benefit Transaction; and
- (10) transactions effected as part of a Qualified Receivables Transaction.

Section 4.15.

[Reserved]

Section 4.16.

[Reserved]

Section 4.17. Designation of Restricted and Unrestricted Subsidiaries.

- (a) The Board of Directors of the Company may designate any Subsidiary to be an Unrestricted Subsidiary if such Subsidiary:
- (1) has no Indebtedness other than Non-Recourse Debt;
 - (2) does not own any Equity Interest of any Restricted Subsidiary, or hold any Liens on any property of the Company or any of its Restricted Subsidiaries;
 - (3) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;
 - (4) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or

preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

- (5) except in the case of a Subsidiary Guarantor that is designated as an Unrestricted Subsidiary in accordance with this Indenture, has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any Restricted Subsidiary;
- (6) has at least one director on its Board of Directors that is not a director or executive officer of the Company or any Restricted Subsidiary and has at least one executive officer that is not a director or executive officer of the Company or any Restricted Subsidiary; and
- (7) such designation would not cause a Default or Event of Default.

(b) Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the provisions of paragraph (a) above and was permitted by the provisions of Section 4.10 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the requirements of the provisions of paragraph (a) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Preferred Shares of such Subsidiary shall be deemed to be issued and any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date and, if such Preferred Shares are not permitted to be issued or such Indebtedness is not permitted to be Incurred as of such date under the provisions of Section 4.09 hereof, the Company shall be in default of such Section.

(c) If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and the Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be an Investment made as of the time of such designation and shall either reduce the amount available for Restricted Payments under Section 4.10(a) hereof or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. Such designation shall be permitted only if such Investment would be permitted at such time and if such Restricted Subsidiary otherwise meets the requirements of the provisions of paragraph (a) above. Upon designation of a Restricted Subsidiary as an Unrestricted Subsidiary in compliance with this Section 4.17, such Subsidiary shall be released from any Subsidiary Guarantee previously made by such Subsidiary in accordance with the provisions of Section 10.05 hereof.

(d) The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however,* that (i) such designation shall be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under the provisions of Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the most recently ended full fiscal quarter for which internal financial statements are available; (ii) all outstanding Investments owned by such Unrestricted Subsidiary shall be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under the provisions of Section 4.10 hereof; (iii) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under the provisions of Section 4.11 hereof; and (iv) no Default or Event of Default would be in existence immediately following such designation.

Section 4.18. Repurchase at the Option of Holders Upon a Change of Control Triggering Event.

- (1) Within 30 days following any Change of Control Triggering Event, the Company shall give notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and shall make an offer (the "*Change of Control Offer*") pursuant to the procedures set forth in Section 3.09 hereof. Each Holder shall have the right to accept such offer and require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of such Holder's Notes pursuant to the Change of Control Offer at a purchase price, in cash (the "*Change of Control Payment*"), equal to 101% of the

aggregate principal amount of Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but excluding) the purchase date.

- (2) The Company shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes a Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes or portions of Notes properly tendered and not withdrawn under the Change of Control Offer, (2) a notice of redemption of all outstanding Notes has been given pursuant to Section 3.07 of this Indenture, unless and until there is a default in payment of the applicable redemption price or (3) in connection with or in contemplation of any Change of Control, the Company or a third party has made an offer to purchase any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered and not properly withdrawn in accordance with the terms of such offer (each of the foregoing, an "*Alternate Offer*"). Notwithstanding anything to the contrary contained in this Indenture, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer or Alternate Offer is made.
- (3) In the event that Holders of not less than 90% in aggregate principal amount of the outstanding Notes accept a Change of Control Offer or Alternate Offer and the Company (or any third party making such Change of Control Offer or Alternate Offer in lieu of the Company pursuant to this Section 4.18) purchases all of the Notes held by such Holders, the Company (or such third party making such Change of Control Offer or Alternate Offer in lieu of the Company pursuant to this Section 4.18) will have the right, upon not less than 15 days' nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer or Alternate Offer pursuant to this Section 4.18, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment or the price paid in the Alternate Offer, as applicable, plus, to the extent not included in the Change of Control Payment or the price paid in the Alternate Offer, as applicable, accrued and unpaid interest, if any, on the Notes that remain outstanding, to (but excluding) the date of redemption (subject to the rights of Holders of record on the relevant record date to receive interest due on an Interest Payment Date that is on or prior to the redemption date).

Section 4.19.

Future Guarantors

The Company shall cause each Restricted Subsidiary of the Company that provides a guarantee of any Indebtedness of the Company or a Subsidiary Guarantor under any syndicated Credit Facility or Capital Markets Indebtedness following the Issue Date to become a Subsidiary Guarantor and to execute a supplemental indenture pursuant to which it will guarantee, on a senior unsecured basis, the Company's obligations under the Notes and the Indenture for so long as the guarantee in connection with the applicable Indebtedness remains in place, and deliver an Opinion of Counsel to the Trustee. The form of the Subsidiary Guarantee is attached hereto as Exhibit E.

Section 4.20.

Additional Amounts

- (1) All payments made by or on behalf of the Company or the Subsidiary Guarantors on or with respect to the Notes pursuant to this Indenture shall be made without withholding or deduction for any Taxes imposed by any Canadian Taxing Authority, unless required by law or the interpretation or administration thereof by the relevant Canadian Taxing Authority. If the Company or any Subsidiary Guarantor (or any other payor) is required to withhold or deduct any amount on account of Taxes imposed by any Canadian Taxing Authority from any payment made under or with respect to any Notes that are outstanding on the date of the required payment, it shall:
 - (i) make such withholding or deduction;

- (ii) remit the full amount deducted or withheld to the relevant government authority in accordance with applicable law;
 - (iii) pay the additional amounts (“*Additional Amounts*”) as may be necessary so that the net amount received by each Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted;
 - (iv) furnish to the Holders, within 30 days after the date the payment of any Taxes is due, certified copies of tax receipts evidencing such payment by the Company or such Subsidiary Guarantor;
 - (v) indemnify and hold harmless each Holder (other than an Excluded Holder, as defined in paragraph (2) below) for the amount of (a) any Taxes paid by each such Holder as a result of payments made on or with respect to the Notes, (b) any liability (including penalties, interest and expenses) arising from or with respect to such payments and (c) any Taxes imposed with respect to any reimbursement under the foregoing clauses (a) or (b), but excluding any such Taxes that are in the nature of Taxes on net income, taxes on capital, franchise taxes, net worth taxes and similar taxes; and
 - (vi) at least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or any Subsidiary Guarantor becomes obligated to pay Additional Amounts with respect to such payment, deliver to the Trustee an Officers’ Certificate stating the amounts so payable and such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.
- (2) Notwithstanding the provisions of paragraph (1) above, no Additional Amounts shall be payable to a Person (an “*Excluded Holder*”) in respect of a payment made to such Person under or with respect to a Note:
- (i) if such Person is subject to such Taxes by reason of its being connected with Canada or any province or territory thereof otherwise than by the mere acquisition, holding or disposition of Notes or the receipt of payments thereunder;
 - (ii) if such Person waives its right to receive Additional Amounts;
 - (iii) if the Company or such Subsidiary Guarantor does not deal at arm’s length, within the meaning of the *Income Tax Act* (Canada) (the “*Tax Act*”), with such Person at the time of such payment;
 - (iv) if the Company or such Subsidiary Guarantor does not deal at arm’s length, within the meaning of the Tax Act, with another Person to whom the Company or such Subsidiary Guarantor has an obligation to pay an amount in respect of the Note; or
 - (v) to the extent that the Taxes giving rise to such Additional Amounts would not have been imposed but for such person being, or not dealing at arm’s length (within the meaning of the Tax Act) with, a “specified shareholder” of the Company for purposes of the thin capitalization rules in the Tax Act.

Any reference, in any context in this Indenture, to the payment of principal, premium, if any, redemption price, Change of Control Payment, offer price and interest or any other amount payable under or with respect to any Note, shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable.

The obligations described under this Section 4.20 will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Company or any Subsidiary Guarantor, as applicable, is organized or any political subdivision or taxing authority or agency thereof or therein.

It is understood for purposes of this Section 4.20 that the determination of the amount of Additional Amounts shall be made at the beneficial owner level.

*Section 4.21. **Business Activities.***

The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than the Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

*Section 4.22. **Covenant Termination.***

Notwithstanding anything to the contrary set forth in this Indenture, if, on any date following the Issue Date, (i) the Notes reach Investment Grade Status and (ii) no Default has occurred and is continuing under this Indenture, then, beginning on that date and continuing at all times thereafter regardless of any subsequent changes in the ratings of the Notes, the Company will be under no obligation to comply with the terms and provisions of Section 4.09, Section 4.10, Section 4.12, Section 4.13, Section 4.14, Section 4.17(d)(i), Section 4.21 and Sections 5.01(1)(iv) and 5.01(2)(iv), and such covenants, terms and provisions shall cease to apply to the Notes.

ARTICLE 5.

SUCCESSORS

*Section 5.01. **Merger, Consolidation and Sale of Assets of the Company and Subsidiary Guarantors.***

- (1) The Company may not directly or indirectly, (i) consolidate, merge or amalgamate with or into another Person, whether or not the Company is the surviving corporation, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless, in either case,
 - (i) either (a) the Company is the surviving corporation, or (b) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (the “*Surviving Company*”) is a corporation organized or existing under the laws of the United States, any state of the United States, the District of Columbia, Canada or any province or territory of Canada;
 - (ii) the Surviving Company expressly assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee;
 - (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and
 - (iv) the Company or the Surviving Company shall, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, (a) be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof, or (b) have a Debt to Cash Flow Ratio equal to or less than the Company’s Debt to Cash Flow Ratio immediately prior to such transaction.

- (2) Unless in connection with a disposition by the Company or a Subsidiary Guarantor of its entire ownership interest in a Subsidiary Guarantor or all or substantially all the assets of a Subsidiary Guarantor permitted by, and in accordance with the applicable provisions of, this Indenture (including, without limitation, the provisions of Section 4.12 hereof), the Company shall cause each Subsidiary Guarantor not to directly or indirectly,
 - (i) consolidate, merge or amalgamate with or into another Person, whether or not such Subsidiary Guarantor is the surviving corporation, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor, in one or more related transactions, to another Person, unless, in either case,
 - (i) either (a) such Subsidiary Guarantor is the surviving corporation, or (b) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (the “*Surviving Guarantor*”) is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state of the United States, the District of Columbia, Canada or any province or territory of Canada;
 - (ii) the Surviving Guarantor expressly assumes all the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee and this Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee;
 - (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and
 - (iv) either (a) such Subsidiary Guarantor or the Surviving Guarantor shall, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof, or (b) the Company will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, have a Debt to Cash Flow Ratio equal to or less than the Company’s Debt to Cash Flow Ratio immediately prior to such transaction.
- (3) In addition, the Company shall not, and shall cause each Subsidiary Guarantor not to, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clauses (1)(iv) and (2)(iv) of this Section 5.01 shall not apply to a merger, consolidation or amalgamation, or a sale, assignment, transfer, conveyance or other disposition of assets, between or among the Company and any Restricted Subsidiary.

*Section 5.02. **Successor Corporation Substituted.***

Each Surviving Company and Surviving Guarantor shall succeed to, and be substituted for, and may exercise every right and power of the Company or a Subsidiary Guarantor, as applicable, under this Indenture; *provided, however,* that in the case of:

- (1) a sale, transfer, assignment, conveyance or other disposition (unless such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, or in the case of a Subsidiary Guarantor, such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of such Subsidiary Guarantor or all of the Capital Stock of such Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transactions) a Subsidiary of the Company), or

(2) a lease,

the predecessor company shall not be released from any of the obligations or covenants under this Indenture, including with respect to the payment of the Notes and obligations under the Subsidiary Guarantees.

ARTICLE 6.

DEFAULTS AND REMEDIES

Section 6.01. Events of Default.

Each of the following is an “Event of Default.”

- (i) default for 30 days in the payment when due of interest on, or with respect to, the Notes;
- (ii) default in payment, when due at Stated Maturity, upon acceleration, redemption, required repurchase or otherwise, of the principal of, or premium on, if any, the Notes;
- (iii) failure by the Company or any Restricted Subsidiary to comply with the provisions of Section 4.12, 4.18 or 5.01 hereof;
- (iv) failure by the Company for 90 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding, to comply with the provisions of Section 4.03 hereof;
- (v) failure by the Company or any Restricted Subsidiary for 60 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding to comply with any of its other covenants or agreements in this Indenture (other than those covenants or agreements in Sections 4.03, 4.12, 4.18 and 5.01 hereof);
- (vi) default under any mortgage, hypothec, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for borrowed money by the Company or any Restricted Subsidiary, or the payment of which is guaranteed by the Company or any Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:
 - (A) is caused by a failure to pay principal of, or interest or premium on, if any, such Indebtedness when due at the final maturity of such Indebtedness (a “*Payment Default*”); or
 - (B) results in the acceleration of such Indebtedness prior to its Stated Maturity,
and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$50.0 million or more;
- (vii) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US\$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

- (viii) any Subsidiary Guarantee of a Significant Subsidiary ceases, or the Subsidiary Guarantees of any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary cease, to be in full force and effect (other than in accordance with the terms of any such Subsidiary Guarantee) or any Subsidiary Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Subsidiary Guarantee, or a group of Subsidiary Guarantors that, when taken together, would constitute a Significant Subsidiary deny or disaffirm their obligations under their respective Subsidiary Guarantees;
- (ix) the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, pursuant to or within the meaning of any Bankruptcy Law:
 - (A) commences a voluntary case or gives notice of intention to make a proposal under any Bankruptcy Law;
 - (B) consents to the entry of an order for relief against it in an involuntary case or consents to its dissolution or winding up;
 - (C) consents to the appointment of a receiver, interim receiver, receiver and manager, liquidator, trustee or custodian of it or for all or substantially all of its property;
 - (D) makes a general assignment for the benefit of its creditors;
 - (E) admits in writing its inability to pay its debts as they become due or otherwise admits its insolvency; or
 - (F) seeks a stay of proceedings against it or proposes or gives notice or intention to propose a compromise, arrangement or reorganization of any of its debts or obligations under any Bankruptcy Law; and
- (x) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (A) is for relief against the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, in an involuntary case; or
 - (B) appoints a receiver, interim receiver, receiver and manager, liquidator, trustee or custodian of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary;
 - (C) orders the liquidation of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary; or
 - (D) orders the presentation of any plan or arrangement, compromise or reorganization of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary;

and such order or decree remains unstayed and in effect for 60 consecutive days.

Section 6.02. Acceleration.

If any Event of Default (other than those of the type described in Section 6.01(ix) or (x)) occurs and is continuing, the Trustee may, and the Trustee upon the request of Holders of 25% in principal amount of the outstanding Notes shall, or the Holders of at least 25% in principal amount of outstanding Notes may, declare the principal of all the Notes, together with all accrued and unpaid interest, premium, if any, to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is a notice of acceleration (the “*Acceleration Notice*”), and the same shall become immediately due and payable.

In the case of an Event of Default specified in Section 6.01(ix) or (x) hereof, all outstanding Notes shall become due and payable immediately without further action or notice by the Trustee or the Holders. Holders may not enforce this Indenture or the Notes except as provided in this Indenture.

At any time after a declaration of acceleration with respect to the Notes, the Holders of a majority in principal amount of the Notes then outstanding (by notice to the Trustee) may rescind and cancel such declaration and its consequences if:

- (1) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction;
- (2) all existing Defaults and Events of Default have been cured or waived except non-payment of principal or interest on the Notes that has become due solely by such declaration of acceleration;
- (3) to the extent the payment of such interest is lawful, interest (at the same rate specified in the Notes) on overdue installments of interest and overdue payments of principal which has become due otherwise than by such declaration of acceleration has been paid;
- (4) the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances; and
- (5) in the event of the cure or waiver of an Event of Default of the type described in Section 6.01(ix) or (x), the Trustee has received an Officers’ Certificate and Opinion of Counsel that such Event of Default has been cured or waived.

In the case of an Event of Default with respect to the Notes occurring by reason of any willful action or inaction taken or not taken by the Company or on the Company’s behalf with the intention of avoiding payment of the premium that the Company would have been required to pay if the Company had then elected to redeem the Notes pursuant to Section 3.07 hereof, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

Section 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding, and any such proceeding instituted by the Trustee shall be brought in its own name on behalf of the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) of the Holders of the Notes, and any recovery of judgment shall be for the ratable benefit of the Holders of the Notes subject to the provisions of this Indenture. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies shall be cumulative to the extent permitted by law.

Section 6.04. **Waiver of Past Defaults.**

The Holders of at least a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default, and its consequences, except a continuing Default or Event of Default (i) in the payment of the principal of or interest on the Notes and (ii) in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment. Upon any waiver of a Default or Event of Default such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed cured for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.05. **Control by Majority.**

Subject to Section 7.01, Section 7.02(5) (including the Trustee's receipt of the security or indemnification described therein) and Section 7.06 hereof, in case an Event of Default shall occur and be continuing, the Holders of at least a majority in aggregate principal amount of the Notes then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided, however,* the Trustee may refuse to follow any direction from the Holders of at least a majority in aggregate principal amount of the Notes then outstanding that conflicts with applicable law or this Indenture, or that the Trustee determines in good faith may be unduly prejudicial to the rights of the Holders not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with such direction.

Section 6.06. **Limitation on Suits.**

No Holder shall have any right to institute any proceeding with respect to this Indenture, or for the appointment of a receiver or trustee, or for any remedy thereunder, unless:

- (1) such Holder has previously given to the Trustee written notice of a continuing Event of Default,
- (2) Holders of at least 25% in aggregate principal amount of the Notes then outstanding have made written request to the Trustee to pursue the institution of any proceeding with respect to this Indenture, or the appointment of a receiver or trustee, or any remedy,
- (3) such Holder or Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any costs, liability or expense,
- (4) the Trustee shall have failed to comply with the request within 60 days after receipt of the request and the offer of indemnity, and
- (5) the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the Notes then outstanding a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days.

The preceding limitations shall not apply to a suit instituted by a Holder for enforcement of payment of principal of, and premium, if any, or interest on, a Note on or after the respective due dates for such payments set forth in such Note.

A Holder may not use this Indenture to affect, disturb or prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07. **Rights of Holders to Receive Payment.**

Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.06 hereof), the right of any Holder to receive payment of principal, premium, if any, and interest on the Notes held by such

Holder, on or after the respective due dates expressed in the Notes (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(i) or (ii) occurs and is continuing, the Trustee is authorized to recover judgment in its own name on behalf of all the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) against the Company for the whole amount of principal of, premium, if any, and interest then due and owing (together with interest on overdue principal and, to the extent lawful, interest) and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09. Trustee May File Proofs of Claim.

The Trustee shall be authorized in its own name on behalf of the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) of the Holders of the Notes to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.06 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee and its agents and counsel, and any other amounts due to the Trustee under Section 7.06 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, moneys, securities and any other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

If the Trustee collects any money pursuant to this Article 6, it shall be held in trust by the Trustee and paid out in the following order:

First: to the Trustee, its agents and attorneys for amounts due under this Indenture, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11. **Undertaking for Costs.**

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 shall not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.

TRUSTEE

Section 7.01. **Duties of Trustee.**

- (1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.
- (2) Except during the continuance of an Event of Default:
 - (i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).
- (3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:
 - (i) this paragraph does not limit the effect of paragraph (2) of this Section;
 - (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent; and
 - (iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.
- (4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (1), (2) and (3) of this Section 7.01.
- (5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any financial liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holders shall have offered to the Trustee:
 - (i) sufficient funds to commence or continue any act; and

- (ii) security and indemnity satisfactory to it against any loss, liability or expense.
- (6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02.

Rights of Trustee.

- (1) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in any such document.
- (2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (3) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.
- (4) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.
- (5) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.
- (6) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or Event of Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee from the Company or the Holders of 25% in aggregate principal amount of the outstanding Notes, and such notice references the specific Default or Event of Default, the Notes and this Indenture.
- (7) The Trustee shall not be required to give any bond or surety in respect of the performance of its power and duties hereunder.
- (8) The Trustee shall have no duty to inquire as to the performance of the Company's covenants herein.
- (9) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 7.03.

Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Subsidiary Guarantor or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights and duties. The Trustee shall also be subject to Section 7.09.

Section 7.04. **Trustee's Disclaimer.**

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05. **Notice of Defaults.**

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.06. **Compensation and Indemnity.**

The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses Incurred or made by it in addition to the compensation for its services (including the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel), except any such disbursement, advance or expense as may be attributable to its negligence, wilful misconduct or bad faith.

The Company shall indemnify the Trustee (in its capacity as Trustee) and its officers, directors and employees or any predecessor Trustee (in its capacity as Trustee) against any and all losses, claims, damages, penalties, fines, liabilities, actions or expenses, including incidental and out-of-pocket expenses and reasonable legal fees and disbursements on a solicitor and client basis (for purposes of this Article 7, "*losses*") Incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.06) and defending itself against any claim (whether asserted by the Company or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent such losses may be attributable to its negligence, wilful misconduct or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity if so permitted by the Indenture and without causing prejudice to the Holders. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may have separate counsel if the Trustee has been reasonably advised by counsel, including its own in-house counsel, that there may be one or more legal defenses available to it that are different from or additional to those available to the Company and in the reasonable judgment of such counsel it is advisable for the Trustee to engage separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The Company need not reimburse any expense or indemnify against any loss Incurred by the Trustee through the Trustee's own negligence, wilful misconduct or bad faith.

The obligations of the Company under this Section 7.06 shall survive the satisfaction and discharge of this Indenture, the resignation or removal of the Trustee and payment in full of the Notes.

Notwithstanding any other provision of this Indenture, the Trustee shall not be liable for any (i) breach by any other party of the Applicable Securities Legislation, (ii) lost profits or (iii) punitive or special damages of any Person.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee Incurs expenses or renders services after an Event of Default specified in Section 6.01(ix) or (x) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

*Section 7.07.***Replacement of Trustee.**

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.07.

The Trustee may resign in writing at any time upon 30 days' prior notice to the Company and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.09 hereof;
- (2) the Trustee is adjudged bankrupt or insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.09 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. Subject to the Lien provided for in Section 7.06 hereof, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee *provided, however;* that all sums owing to the Trustee hereunder shall have been paid. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's obligations under Section 7.06 hereof shall continue for the benefit of the retiring Trustee.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 7.08. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or banking association, the successor corporation or banking association without any further act shall, if such successor corporation or banking association is otherwise eligible hereunder, be the successor Trustee.

Section 7.09. Eligibility, Disqualification.

There shall at all times be a Trustee hereunder that is a Person organized and doing business under the laws of Canada or of any province thereof that is authorized under such laws to exercise corporate trustee power. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

The Trustee represents to the Company that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 90 days after ascertaining that such a material conflict of interest exists, either eliminate the same or else resign as Trustee hereunder by giving notice in writing to the Company at least 21 days prior to such resignation and shall thereupon be discharged from all further duties and liabilities hereunder.

Section 7.10. Acceptance of Trust.

The Trustee hereby accepts any and all trusts created or constituted for the purposes of this Indenture, including Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03, or any Notes, agrees to perform the same upon the terms and conditions herein set forth and, to the extent any such terms and conditions conflict with any provisions of applicable law, such terms and conditions shall prevail to the extent that such provisions do not constitute provisions of public order.

Section 7.11. Fondé de Pouvoir.

The Trustee hereby agrees to act as the *fondé de pouvoir* (holder of the power of attorney) for the Holders of the Notes to the extent necessary or desirable for the purposes of this Indenture and each Holder by receiving and holding the Notes accepts and confirms the appointment of the Trustee as *fondé de pouvoir* (holder of the power of attorney) of such Holder to the extent necessary for the purposes hereof and in accordance with and subject to the provisions hereof, including with respect to and in connection with the guarantees contemplated by Article 10 of this Indenture.

To the extent necessary and for greater certainty (but without in any way detracting from custom and usage applicable with regards to the relationship between the Company, the Trustee and the Holders hereunder) and subject to any applicable law of public order, the Trustee and the Company hereby agree with regards to the Trustee so acting as *fondé de pouvoir* (holder of the power of attorney) of the Holders hereunder and each Holder by receiving and holding same agrees with the Company and the Trustee that:

- (1) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, relating thereto, no Holder shall be liable to third parties for acts performed by the Trustee (or any other person appointed by the Trustee to perform all or any of its rights, powers, trusts or duties hereunder) during the exercise of its rights, powers and trusts and the performance of its duties under this Indenture or for injury caused to such parties by the fault of the Trustee (or any such person), or for contracts entered into in favor of such parties, during such performance and the Trustee (or any such person) alone shall be so liable subject to any rights or recourses which the Trustee (or any such person) may have hereunder or under any applicable law against the Company or any other person (other than a Holder) in connection with any such liability;

- (2) except as otherwise expressly provided herein or in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, the Trustee shall not be entitled to receive from the Holders any remuneration or compensation for any services rendered by the Trustee hereunder or reimbursement of any costs, expenses, liabilities, disbursements or advances incurred or made by the Trustee in accordance with any provision of this Indenture or interest thereon;
- (3) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, relating thereto, no Holder shall be liable to compensate the Trustee for any injury suffered by it by reason of the performance of its rights, powers, trusts or duties hereunder subject to any rights or recourses which the Trustee may have hereunder or under any applicable law against the Company or any other person (other than a Holder) in connection with such injury;
- (4) neither the death nor bankruptcy of a Holder shall terminate the Trustee's rights, powers, trusts or duties hereunder with respect to the Notes held by such Holder which shall continue to apply in favor of the Holder or Holders who have acquired such Notes from such deceased or bankrupt Holder;
- (5) the bankruptcy of the Trustee shall not terminate its rights, powers, trusts or duties hereunder *provided* that such rights, powers, trusts or duties are assumed by a successor Trustee appointed in accordance with the provisions of Section 7.07;
- (6) so long as any Notes remain outstanding, (i) each Holder hereby renounces its right to revoke any mandate relationship created between such Holder and the Trustee hereunder and (ii) the Trustee hereby agrees that it will not revoke any such mandate relationship except through a resignation pursuant to and in compliance with the provisions of Section 7.07; and
- (7) except as otherwise expressly provided herein or in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, the Trustee shall not be obliged to render any account to the Holders nor return to the Holders any amounts which it has received in the performance of its duties hereunder nor pay any interest to the Holders on such amounts.

Section 7.12. Company Status.

The Company represents and warrants that it is filing with the Commission as a Foreign Private Issuer (as such term is defined in the Exchange Act) and has delivered to the Trustee an Officers' Certificate certifying such "reporting issuer" status and other information as the Trustee has requested, including, but not limited to, the Central Index Key that has been assigned for filing purposes. Should the Company cease to file as a Foreign Private Issuer, the Company covenants to deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) certifying a change in "reporting issuer" status and such other information as the Trustee may require at such given time. The Company understands that the Trustee is relying upon the foregoing representation, warranty and covenant in order to meet certain Commission obligations with respect to those clients who are filing with the Commission.

ARTICLE 8.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at its option and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth in this Article 8.

Section 8.02. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*") and each Subsidiary Guarantor shall be released from all of its obligations under its Subsidiary Guarantee. For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a), (b) and (d) below, and to have satisfied all its other obligations under the Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, or interest and Additional Amounts on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article 2 and Sections 4.01 and 4.02 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations and the Subsidiary Guarantor's in connection therewith and (d) this Article 8. If the Company exercises under Section 8.01 hereof the option applicable to this Section 8.02, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, payment of the Notes may not be accelerated because of an Event of Default. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03. Covenant Defeasance.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 4.05 and 4.06, 4.09 through 4.19, and 4.21 hereof, and the operation of Sections 5.01(1)(iv) and (2)(iv) hereof, with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*") and each Subsidiary Guarantor shall be released from all of its obligations under its Subsidiary Guarantee with respect to such covenants in connection with such outstanding Notes and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. If the Company exercises under Section 8.01 hereof the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, payment of the Notes may not be accelerated because of an Event of Default specified in clause (iii) (with respect to the covenants contained in Sections 4.12 or 4.18 or Section 5.01(1)(iv) or 5.01(2)(iv) hereof), (iv), (v) (with respect to Sections 4.05, 4.06, 4.11, 4.13 through 4.17, 4.19 and 4.21 hereof), (vi), (vii), (viii), (ix) and (x) of such Section 6.01 (but in the case of (ix) and (x) of Section 6.01 hereof, with respect to Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, taken together, would constitute a

Significant Subsidiary only) or because of the Company's failure to comply with Section 5.01(1)(iv) or 5.01(2)(iv) hereof.

Section 8.04. Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes.

In order to exercise Legal Defeasance or Covenant Defeasance:

- (1) the Company shall irrevocably deposit with the Trustee, as mandatory and depositary, in trust, for the benefit of the Holders cash in Canadian dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay the principal of, or interest, premium and Additional Amounts, if any, on the outstanding notes on the Stated Maturity or on the applicable date of redemption, as the case may be, and the Company shall specify whether the Notes are being defeased to maturity or to a particular date of redemption;
- (2) in the case of Legal Defeasance, the Company shall deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred, and the Company shall have delivered to the Trustee an Opinion of Counsel in Canada reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Legal Defeasance and will be subject to Canadian federal income tax (including withholding tax) on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company shall deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred, and the Company shall deliver to the Trustee an Opinion of Counsel in Canada or an advance tax ruling from the Canada Revenue Agency (or successor agency) reasonably acceptable to the Trustee confirming that Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Covenant Defeasance and will be subject to Canadian federal income tax (including withholding tax) on the same amounts, in the same manner and at the same time as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default shall have occurred and be continuing either (a) on the date of such deposit, or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit, other than, in each case, a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings;
- (5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument, to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

- (6) the Company shall deliver to the Trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of the Company or any Subsidiary Guarantor between the date of deposit and the 91st day following such deposit and assuming that no Holder is an “insider” of the Company under applicable Bankruptcy Law, after the 91st day following such deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally;
- (7) the Company shall deliver to the Trustee an Officers’ Certificate stating that such deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others;
- (8) if the Notes are to be redeemed prior to their Stated Maturity, the Company must deliver to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date; and
- (9) the Company shall deliver to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05.

Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions

Subject to Section 8.06 hereof, all cash and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the “*Trustee*”) pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of all sums due and to become due thereon in respect of principal, premium, if any, and interest but such cash and securities need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any cash or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent certified public accountants of recognized international standing expressed in a written certification thereof delivered to the Trustee (which may be the certification delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06.

Repayment to Company

Subject to any applicable laws relating to abandoned property, any cash or non-callable Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such cash and securities, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in *The Globe and Mail* (national edition) and *Le Journal de Montréal*, notice that such cash and securities remains unclaimed and that, after a date specified therein, which shall not be less than

30 days from the date of such notification or publication, any unclaimed balance of such cash and securities then remaining shall be repaid to the Company.

*Section 8.07. **Reinstatement.***

If the Trustee or Paying Agent is unable to apply any cash or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such cash and securities in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however,* that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders to receive such payment from the cash and securities held by the Trustee or Paying Agent.

ARTICLE 9.

AMENDMENT, SUPPLEMENT AND WAIVER

*Section 9.01. **Without Consent of Holders of Notes.***

Notwithstanding Section 9.02 of this Indenture, the Company and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder to:

- (1) cure any ambiguity, defect or inconsistency;
- (2) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) provide for the assumption of the obligations of the Company or any Subsidiary Guarantor to Holders in the case of a merger, consolidation, or amalgamation or sale of all or substantially all of the assets of the Company or such Subsidiary Guarantor, as the case may be, in accordance with Section 5.01 hereof;
- (4) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder;
- (5) add additional guarantees with respect to the Notes or release Subsidiary Guarantors from Subsidiary Guarantees as provided or permitted by the terms of this Indenture;
- (6) provide for the issuance of Additional Notes in accordance with this Indenture; or
- (7) to conform the text of this Indenture or the Notes to any provision of the "Description of Notes" section of the Final Term Sheet for the Notes, dated September 24, 2019, to the extent that such provision in such "Description of Notes" section was intended to be a verbatim recitation of a provision of this Indenture or the Notes, as set forth in an Officers' Certificate.

*Section 9.02. **With Consent of Holders of Notes.***

Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (except a continuing Default or Event of Default (i) in the payment of principal, premium, if any, or interest on the Notes and (ii) in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such

modification or amendment) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of at least a majority in principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes).

It shall not be necessary for any instrument or resolution evidencing the consent of the Holders under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such instrument or resolution shall approve the substance thereof; *provided*, however, that the Trustee shall have the right to require an Opinion of Counsel to the effect that the proposed amendment or waiver conforms in substance to the consent of the Holders.

Without the consent of each Holder, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any Note or alter the provisions with respect to the redemption of the Notes;
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium on, if any, the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration;
- (5) make any Note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium on, if any, the Notes, or to institute suit for the enforcement of any payment on or with respect to such Holders' Notes or any Subsidiary Guarantee;
- (7) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the provisions of Section 4.12 hereof after the obligation to make and consummate such Asset Sale Offer has arisen or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change in Control Triggering Event in accordance with the provisions of Section 4.18 hereof after such Change of Control Triggering Event has occurred, including, in each case, amending, changing or modifying any definition relating thereto;
- (8) except as otherwise permitted under the provisions of Section 5.01 hereof, consent to the assignment or transfer by the Company or any Subsidiary Guarantor of any of their rights or obligations under this Indenture;
- (9) subordinate the Notes or any Subsidiary Guarantee to any other obligation of the Company or the applicable Subsidiary Guarantor;
- (10) amend or modify any Subsidiary Guarantee in a manner that would adversely affect the Holders of the Notes or release any Subsidiary Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture (except in accordance with the terms of this Indenture);
- (11) amend or modify the provisions of Section 4.20 hereof; or

(12) make any change in the preceding amendment and waiver provisions.

For the avoidance of doubt, no amendment or deletion of any of Sections 1.08, 4.03, 4.08, 4.09, 4.10, 4.11, 4.13, 4.14, 4.17, 4.19, 4.21, 4.22 and 5.01 hereof in accordance with the amendment provisions set forth herein, or action taken in compliance with such covenants in effect at the time of such action, shall be deemed to make any change in the provisions herein relating to the legal right of any Holder of the Notes to receive payments of principal of, or interest or premium on, if any, the Note.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any supplemental indenture. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; *provided* that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 120 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holder of each Note affected thereby to such Holder's address appearing in the Security Register a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 9.03. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion thereof that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to its Note or portion thereof if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver shall become effective in accordance with its terms and thereafter shall bind every Holder.

Section 9.04. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05. Trustee to Sign Amendments, Etc.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and that such amended or supplemental indenture is the legal, valid and binding obligations of the Company (and, if applicable, any guarantor hereunder and thereunder) enforceable against it (and any applicable guarantor) in accordance with its terms, subject to customary exceptions and that such amended or supplemental indenture complies with the provisions hereof.

ARTICLE 10.

SUBSIDIARY GUARANTEES

Section 10.01. Guarantee.

Subject to this Article 10, each of the Subsidiary Guarantors hereby unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on the overdue principal and premium, if any, and to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee hereunder or thereunder, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration pursuant to Section 6.02 hereof, redemption or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be solidarily (jointly and severally) obligated to pay the same immediately. Each Subsidiary Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

Each Subsidiary Guarantor hereby agrees that its obligations with regard to its Subsidiary Guarantee shall be solidary, unconditional, irrespective of the validity or enforceability of the Notes or the obligations of the Company under this Indenture, the absence of any action to enforce the same, the recovery of any judgment against the Company or any other obligor with respect to this Indenture, the Notes or the Obligations of the Company under this Indenture or the Notes, any action to enforce the same or any other circumstances (other than complete performance) which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. Each Subsidiary Guarantor further, to the extent permitted by law, waives and relinquishes all claims, rights and remedies accorded by applicable law to guarantors and agrees not to assert or take advantage of any such claims, rights or remedies, including but not limited to: (a) any right to require any of the Trustee, the Holders or the Company (each a “*Benefited Party*”), as a condition of payment or performance by such Subsidiary Guarantor, to (1) proceed against the Company, any other guarantor (including any other Subsidiary Guarantor) of the Obligations under the Subsidiary Guarantees or any other Person, (2) proceed against or exhaust any security held from the Company, any such other guarantor or any other Person, (3) proceed against or have resort to any balance of any deposit account or credit on the books of any Benefited Party in favor of the Company or any other Person, or (4) pursue any other remedy in the power of any Benefited Party whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Company including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations under the Subsidiary Guarantees or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Company from any cause other than payment in full of the Obligations under the Subsidiary Guarantees; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal, and any defense or termination of its Subsidiary Guarantee pursuant to Article 2362 of the Civil Code; (d) any defense based upon any Benefited Party’s errors or omissions in the administration of the Obligations under the Subsidiary Guarantees, except behavior which amounts to bad faith; (e)(1) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of the Subsidiary Guarantees and any legal or equitable discharge of such Subsidiary Guarantor’s obligations hereunder, (2) the benefit of any prescription of such Subsidiary Guarantor’s liability hereunder or the enforcement hereof, (3) any rights to set-offs, recoupments and counterclaims and (4) promptness, diligence and any requirement that any Benefited Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentations, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of the Subsidiary Guarantees, notices of default under the Notes or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Obligations under the Subsidiary Guarantees or any agreement related thereto, and notices of any extension of credit to the Company and any right to consent to any thereof; (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of the Subsidiary Guarantees, and (h) any rights to be provided information pursuant to Article 2345 of the Civil Code. Except to the extent expressly provided herein, including Sections 8.02, 8.03 and 10.05 hereof, each Subsidiary Guarantor hereby

covenants that its Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in its Subsidiary Guarantee and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Subsidiary Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Section 6.02 hereof for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby and (y) in the event of any declaration of acceleration of such obligations as provided in Section 6.02 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of this Subsidiary Guarantee. The Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantee.

Each Subsidiary Guarantor hereby waives the benefits of discussion and division.

Section 10.02. Limitation on Subsidiary Guarantor Liability.

Each Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Subsidiary Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the obligations of such Subsidiary Guarantor under this Article 10 shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Subsidiary Guarantor that are relevant under such laws, including, if applicable, its guarantee of all obligations under the Credit Agreement, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under this Article 10, result in the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

Section 10.03. Execution and Delivery of Subsidiary Guarantee.

To evidence its Subsidiary Guarantee set forth in Section 10.01 hereof, each Subsidiary Guarantor hereby agrees that a notation of such Subsidiary Guarantee in substantially the form included in Exhibit E attached hereto shall be endorsed by an Officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Subsidiary Guarantor by its President or one of its Vice Presidents.

Each Subsidiary Guarantor hereby agrees that its Subsidiary Guarantee set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an Officer whose signature is on this Indenture or on the Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Subsidiary Guarantee is endorsed, the Subsidiary Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of the Subsidiary Guarantors.

Section 10.04. Subsidiary Guarantors May Consolidate, Etc., on Certain Terms.

Except as otherwise provided in Section 10.05 hereof, no Subsidiary Guarantor may consolidate, merge or amalgamate with or into (whether or not such Subsidiary Guarantor is the Surviving Guarantor) another Person whether or not affiliated with such Subsidiary Guarantor unless:

- (1) subject to Section 10.05 hereof, the Person formed by or surviving any such consolidation, merger or amalgamation (if other than a Subsidiary Guarantor or the Company) unconditionally assumes all the obligations of such Subsidiary Guarantor, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, under this Indenture and the Subsidiary Guarantee on the terms set forth herein or therein; and
- (2) the Subsidiary Guarantor or the Surviving Guarantor, as applicable, complies with the requirements of Article 5 hereof.

In case of any such consolidation, merger, amalgamation, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor Person shall succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as a Subsidiary Guarantor. Such successor Person thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (1) and (2) above, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation, merger or amalgamation of a Subsidiary Guarantor with or into the Company or another Subsidiary Guarantor, or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety to the Company or another Subsidiary Guarantor.

Section 10.05. Releases Following Sale of Assets.

In the event of a sale or other disposition of all of the Capital Stock of any Subsidiary Guarantor (including by way of consolidation, merger or amalgamation), to one or more Persons that are not (either before or after giving effect to such transaction) the Company or Restricted Subsidiaries of the Company, and such disposition complies with Sections 4.12 and 5.01 hereof, then the Subsidiary Guarantor being sold will be released from all of its obligations under its Subsidiary Guarantee and this Indenture. In addition, if (i) a Subsidiary Guarantor is designated as an Unrestricted Subsidiary in accordance with the provisions of Section 4.17 hereof, (ii) if the Company exercises its legal defeasance option or its covenant defeasance option pursuant to Article 8 hereof or if the obligations of the Company under this Indenture are discharged in accordance with the terms hereof or (iii) upon the release or discharge of all guarantees by such Subsidiary Guarantor of Indebtedness of the Company or a Subsidiary Guarantor under syndicated Credit Facilities and Capital Markets Indebtedness, then in each such case the designated Subsidiary Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee and this Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition, designation, release or discharge was made by the Company in accordance with the provisions of this Indenture, including without limitation Section 4.12 hereof, the Trustee shall execute any documents reasonably required in order to evidence the release of any Subsidiary Guarantor from its obligations under its Subsidiary Guarantee.

Any Subsidiary Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Subsidiary Guarantor under this Indenture.

ARTICLE 11.

SATISFACTION AND DISCHARGE

Section 11.01. Satisfaction and Discharge.

This Indenture shall be discharged and shall cease to be of further effect, except as to surviving rights of registration of transfer or exchange of the Notes, as to all Notes issued hereunder, and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

- (1) either:
 - (i) all Notes that have been previously authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has previously been deposited in trust or segregated and held in trust by the Company and is thereafter repaid to the Company or discharged from the trust) have been delivered to the Trustee for cancellation; or
 - (ii) all Notes that have not been previously delivered to the Trustee for cancellation (A) have become due and payable by reason of a making of a notice of redemption or otherwise or (B) will become due and payable within one year, and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in Canadian dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation for principal, premium, if any, Additional Amounts, and accrued interest on the Notes to (but excluding) the date of deposit, in the case of Notes that have become due and payable, or to (but excluding) the Stated Maturity or redemption date, as the case may be;
- (2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;
- (3) the Company or any Subsidiary Guarantor has paid or caused to be paid all other sums payable by it under this Indenture;
- (4) the Company shall have delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the date of redemption, as the case may be; and
- (5) the Company shall have delivered to the Trustee an Officers' Certificate and Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been satisfied.

Section 11.02. Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions.

Subject to Section 11.03 hereof, all cash and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 11.02, the "Trustee") pursuant to Section 11.01 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the

Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest but such cash and securities need not be segregated from other funds except to the extent required by law.

Section 11.03. Repayment to Company.

Subject to any applicable laws relating to abandoned property, any cash or non-callable Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such cash and securities, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in *The Globe and Mail* (national edition) and *Le Journal de Montréal*, notice that such cash and securities remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such cash and securities then remaining shall be repaid to the Company.

Section 11.04. Release of Subsidiary Guarantors upon Satisfaction and Discharge of Indenture.

In the event the Company shall be irrevocably released from all of its obligations under this Indenture, each of the Subsidiary Guarantors shall also be released in respect of all of their respective obligations under the terms of this Indenture, the Notes or any Subsidiary Guarantee.

ARTICLE 12.

MISCELLANEOUS

Section 12.01. Notices.

Any notice or communication by the Company and/or a Subsidiary Guarantor or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), electronic delivery (PDF format only), facsimile transmission or overnight air courier guaranteeing next-day delivery, to the other's address:

If to the Company or a Subsidiary Guarantor:

Videotron Ltd.
612 St. Jacques Street, 18th Floor
Montréal, Québec, H3C 4M8
Canada
Attention: Corporate Secretary
Facsimile No.: (514) 985-8834
E-mail: emilie.duguay@quebecor.com
And to: affairesjuridiques@quebecor.com

With a copy to:

Norton Rose Fulbright Canada LLP
1 Place Ville-Marie
Suite 2500
Montréal, QC H3B 1R1
Attention: Peter J. Wiazowski

Facsimile No.: (514) 286-5474
E-mail: peter.wiazowski@nortonrosefulbright.com

If to the Trustee:

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montréal, Québec H3A 3S8
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677
E-mail: NoticesCTmontreal@computershare.com

The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to the Trustee) shall be deemed to have been duly given: at the time delivered electronically, if delivered by way of electronic means; at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if sent by facsimile transmission; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery. All notices and communications to the Trustee shall be deemed duly given and effective only upon receipt.

Any notice or communication to a Holder shall be (i) mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next-day delivery to its address shown on the Security Register or (ii) provided by way of electronic means acceptable to the Trustee and the Depository jointly, as applicable. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. Notwithstanding anything to the contrary contained in this Indenture, as long as the Notes are in the form of a Global Note, notice to the Holders shall be made electronically in accordance with procedures of the Depository and shall be sufficiently given if so made in accordance with such procedures.

Notwithstanding any other provisions of this Indenture, the Trustee may, in its sole discretion, agree in writing to accept communications under, and agree to accept and act upon instructions or directions pursuant to, this Indenture sent by e-mail, facsimile transmission or other similar electronic methods, without the requirement for any copy to be sent by facsimile or mailed. If the party elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The party providing electronic communications, notices or instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

If a notice or communication is given in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company gives a notice or communication to Holders, it shall furnish a copy to the Trustee and each Agent at the same time.

Section 12.02. Applicable Procedures of the Depository.

Notwithstanding any other provision of this Indenture, where this Indenture or any Note provides for notice or communication of any event (including any notice of redemption) to a Holder of a Global Note (whether by mail or otherwise), any such notice or communication permitted or required to be sent to a Holder of a Global Note may be sent in accordance with the applicable procedures of CDS (or other applicable depository) and shall be sufficiently given if so sent within the time prescribed.

Section 12.03. Certificate and Opinion as to Conditions Precedent

Upon any request or application by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee:

- (1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel (other than in the case of the initial issuance under this Indenture, in which case no such opinion shall be required) in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

Section 12.04. Statements Required in Certificate or Opinion

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (1) a statement that the Person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

With respect to matters of fact, an Opinion of Counsel may rely on an Officers' Certificate, certificates of public officials or reports or opinions of experts.

Section 12.05. Rules by Trustee and Agents

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.06. No Personal Liability of Directors, Officers, Employees and Shareholders

Subject to any applicable provisions of law which constitute provisions of public order, no past, present or future director, officer, employee, incorporator or shareholder of the Company or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company or of the Subsidiary Guarantors under the Notes, this Indenture, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.07. Governing Law

THE LAWS OF THE PROVINCE OF QUÉBEC AND THE LAWS OF CANADA APPLICABLE THEREIN SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES.

Section 12.08. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.09. Successors.

All covenants and agreements of the Company in this Indenture and the Notes shall bind its successors. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

Section 12.10. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11. Conversion of Currency.

The Company covenants and agrees that the following provisions shall apply to conversion of currency in the case of the Notes and this Indenture.

- (1) (i) If, for the purpose of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into a currency (the “*judgment currency*”) an amount due in any other currency (the “*Base Currency*”), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which the judgment is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).
(ii) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Company shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the judgment currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount in the Base Currency originally due.
- (2) In the event of the winding-up of the Company at any time while any amount or damages owing under the Notes and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Company shall indemnify and hold the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in U.S. Dollars or Canadian Dollars, as the case may be, due or contingently due under the Notes and this Indenture (other than under this paragraph (2)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this paragraph (2), the final date for the filing of proofs of claim in the winding-up of the Company shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Company may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.
- (3) The obligations contained in paragraph (1)(ii) and (2) of this Section 12.11 shall constitute obligations of the Company separate and independent from its other respective obligations under the Notes and this Indenture, shall give rise to separate and independent causes of action against the Company, shall apply irrespective of any waiver or extension granted by any Holder or the Trustee or any of them from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the

Company for a liquidated sum in respect of amounts due hereunder (other than under paragraph (2) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders or the Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Company or the liquidator or otherwise or any of them. In the case of paragraph (2) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

- (4) The term “rate(s) of exchange” shall mean the rate of exchange quoted by Royal Bank of Canada at its central foreign exchange desk in its head office in Montréal at 12:00 noon (Montréal, Québec time) for purchases of the Base Currency with the judgment currency other than the Base Currency referred to in paragraphs (1)(i) and (ii) above and includes any premiums and costs of exchange payable.
- (5) The Trustee shall have no duty or liability with respect to monitoring or enforcing this Section 12.11.

Section 12.12. Currency Equivalent

Except as provided in Section 12.11, for purposes of the construction of the terms of this Indenture or of the Notes, in the event that any amount is stated herein in the currency of one nation (the “*First Currency*”), as of any date such amount shall also be deemed to represent the amount in the currency of any other relevant nation which is required to purchase such amount in the First Currency at the rate of exchange quoted by Royal Bank of Canada at its central foreign exchange desk in its head office in Montréal at 12:00 noon (Montréal, Québec time) on the date of determination.

Section 12.13. Privacy Matters

The Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website, www.computershare.com, or upon request, including revisions thereto.

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals’ personal information (collectively, “*Privacy Laws*”) applies to obligations and activities under this Indenture. None of the parties shall take or direct any action that would contravene applicable Privacy Laws.

The Company agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the collection, use and disclosure of their personal information.

The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws and its Privacy Code.

Section 12.14. Counterpart Originals

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 12.15. Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings in this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.16. Trust Indenture Legislation

(1) In this Article 12, the expression “*indenture legislation*” means the provisions, if any, of any statute of Canada or any province thereof, and of any regulations under any such statute, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures, to the extent that such provisions are in the Opinion of Counsel at the time in force and applicable to this Indenture or the Company.

(2) The Company and the Trustee agree that each will at all times in relation to this Indenture and in relation to any action to be taken hereunder observe and comply with and be entitled to the benefits of the indenture legislation.

(3) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of indenture legislation, such mandatory requirement shall prevail.

Section 12.17. Language of Indenture, Etc.

The parties hereby acknowledge that they have expressly required this Indenture and all amendments thereto to be drawn up in the English language only. Any request, demand, authorization, direction, notice, consent, election or waiver required or permitted under this Indenture shall be in the English or French language. *Les parties reconnaissent avoir expressément demandé que la présente convention de même que tous amendements soient rédigés en anglais seulement.*

Section 12.18. Force Majeure.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder or other document or agreement entered into in connection herewith arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services. Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

Section 12.19. Third Party Interests.

The Company represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of the Company, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the Company hereto agrees to complete and execute forthwith a declaration in the Trustee’s prescribed form as to the particulars of such third party.

Section 12.20. Anti-money Laundering.

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days written notice to the Company, provided (i) that the Trustee’s written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Trustee’s satisfaction within such ten (10) day period, then such resignation shall not be effective.

ARTICLE 13.

MEETINGS OF HOLDERS OF NOTES

Section 13.01. Purposes for which Meetings may be Called

A meeting of Holders of Notes may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action authorized by this Indenture to be made, given or taken by Holders of Notes.

Section 13.02. Call, Notice and Place of Meetings

- (1) The Trustee may and shall, at the request of the Company or the Holders pursuant to Section 13.02(2) at any time call a meeting of Holders of Notes for any purpose specified in Section 13.01, to be held at such time and at such place in the City of Montréal as the Trustee or, in case of its failure to act, the Company or the Holders calling the meeting, shall determine. Notice of every meeting of Holders of Notes, setting forth the time and the place of such meeting and in general terms the action(s) proposed to be taken at such meeting, shall be given to each Holder of outstanding Notes in the manner provided in this Indenture not less than 21 nor more than 50 days prior to the date fixed for the meeting.
- (2) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 25% in principal amount of the outstanding Notes shall have requested the Trustee to call a meeting of Holders of Notes for any purpose specified in Section 13.01, by written request setting forth in reasonable detail the action(s) proposed to be taken at the meeting, and the Trustee shall not have either given the notice of such meeting or made the publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company, or the Holders of outstanding Notes in the amount above specified, as the case may be, may determine the time and the place in the City of Montréal for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (1) of this Section.

Section 13.03. Persons Entitled to Vote at Meetings

To be entitled to vote at any meeting of Holders of Notes, a Person shall be (a) a Holder of one or more outstanding Notes, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more outstanding Notes by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 13.04. Quorum, Action

The Persons entitled to vote a majority in principal amount of the outstanding Notes shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Notes, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. Notice of the reconvening of such adjourned meeting shall be given as provided in Section 13.02(1), except that such notice may be given not less than five days prior to the date on which the meeting is scheduled to be reconvened. The quorum at such adjourned meeting shall be the Persons then present and entitled to vote thereat and such quorum shall be expressly stated in such notice of the reconvening of such adjourned meeting.

At a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid, any resolution and all matters (except as provided in Section 9.02 and except as otherwise stated in this Indenture) shall be effectively passed and decided if passed or decided by the Persons entitled to vote a majority in principal amount of outstanding Notes represented and voting at such meeting.

Any resolution passed or decision taken at any meeting of Holders of Notes duly held in accordance with this Article 13 shall (except as limited by Section 9.02) be binding on all the Holders of Notes, whether or not present or represented at the meeting (except in respect of any request, demand, authorization, direction, notice, consent, waiver or other action required, under the terms of this Indenture, to be made, given or taken by Holders of a greater principal amount of outstanding Notes).

Section 13.05. Determination of Voting Rights; Conduct and Adjournment of Meetings

- (1) Notwithstanding any other provisions of this Indenture, the Trustee and the chairman of the meeting, or either of them, may make such reasonable regulations as it or he may deem advisable for any meeting or adjourned meeting of Holders of Notes in regard to proof of the holding of Notes and of the appointment of proxies and in regard to the appointment and duties of scrutineers, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it or he shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of any Notes shall be proved in the manner specified in Section 1.05 and the appointment of any proxy shall be proved in the manner specified in said Section 1.05 or by having the signature of the Person executing the proxy witnessed or guaranteed by any trust company, bank, banker or other Person, wherever situated, acceptable to the Trustee. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in said Section 1.05 or other proof.
- (2) The Trustee shall, by an instrument in writing, nominate a chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Notes as provided in Section 13.02(2), in which case the Company, or the Holders of Notes calling the meeting, as the case may be, shall in like manner nominate a chairman.
- (3) At any meeting each Holder of a Note, whether present in person or represented by proxy, shall be entitled to one vote for each \$1,000 principal amount of Notes held by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Note or as the proxy of a Holder of a Note.
- (4) Any meeting of Holders of Notes duly called pursuant to Section 13.02 at which a quorum is present may be adjourned from time to time by a resolution passed at such meeting and the meeting may be held as so adjourned without further notice.

Section 13.06. Counting Votes and Recording Action of Meetings

The vote upon any resolution submitted to any meeting of Holders of Notes shall be by written ballots on which shall be subscribed the signatures of the Holders of Notes or of their representatives by proxy and such other information as may be required by the regulations made for the meeting, provided however, that the vote upon any resolution involving matters of a purely procedural nature shall be by way of show of hands. The chairman of the meeting shall appoint a secretary and may appoint a scrutineer or scrutineers to act at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Holders of Notes shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the scrutineers and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 13.02 and, if applicable, Section 13.04. Each copy shall be signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Company and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

*Section 13.07. **Distribution of Proxy Materials to Participants***

- (1) For purposes of holding a meeting of Holders where the Book-Entry System is in effect, the Trustee shall promptly notify the Depositary and obtain therefrom a current Participants List.
- (2) Within five business days of receipt of such information by the Trustee, or within any shorter delay which might be imposed by a competent regulatory authority, the Trustee shall contact each Participant on the Participants List by mail to confirm the required number of copies (the “*Required Number*”) of proxy material or other documents relating to the meeting (the “*Proxy Material*”) which the Participant requires for the benefit of Indirect Participants. Within ten (10) business days of confirmation by the Participant of the Required Number, the Trustee shall arrange to have delivered to such Participant the Required Number of copies of the Proxy Material. It shall be the responsibility of each Participant on the Participants List to arrange for distribution of the Proxy Material to the Indirect Participants. Neither the Company nor the Trustee shall assume any liability for failure by a Participant to distribute the Proxy Material.
- (3) The Company and the Trustee understand that the Proxy Material will be sent to the Indirect Participants not less than twenty-one (21) nor more than fifty (50) days, or such other permitted delay under applicable corporate and securities regulations, before the date of the meeting.
- (4) Failure by a Participant to distribute the Proxy Material to Indirect Participants shall not affect the validity of the proceedings to be held at the meeting if notice of the meeting has been published by the Trustee at least twenty-one (21) days before the holding of such meeting in *The Globe and Mail* (national edition) and *Le Journal de Montréal* or if not less than 50% in the aggregate principal amount of outstanding Notes is represented at the meeting by Holders of Notes or their proxies.
- (5) To the extent that an omnibus proxy in form satisfactory to the Company has been delivered by the Depositary to the Company with respect to the matters to be voted on at a meeting of Holders delegating to Indirect Participants the right of the Depositary as sole registered holder of the Global Note(s) to vote on the matters before the meeting, the Company will recognize as votes of the registered Holder, votes expressed in person at the meeting by identified Indirect Participants and votes expressed by proxy by identified Indirect Participants.

[Signatures on following page]

SIGNATURES

Dated as of October 8, 2019.

COMPANY:

VIDEOTRON LTD.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Senior Vice President and Chief Financial Officer

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

SUBSIDIARY GUARANTORS:

VIDÉOTRON INFRASTRUCTURES INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

[4.50% Senior Notes due 2030 — Indenture — Signature Page]

9293-6707 QUÉBEC INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

FIZZ MOBILE & INTERNET INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

9176-6857 QUÉBEC INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

[4.50% Senior Notes due 2030 — Indenture — Signature Page]

9529454 CANADA INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

FIBRENOIRE INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

[4.50% Senior Notes due 2030 — Indenture — Signature Page]

TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: /s/ Nathalie Gagnon

Name: Nathalie Gagnon

Title: Gestionnaire Fiduciaire

Corporate Trust Officer

By: /s/ Ana Kamami

Name: Ana Kamami

Title: Gestionnaire Fiduciaire Adjointe

Associate Trust Officer

[4.50% Senior Notes due 2030 — Indenture — Signature Page]

EXHIBIT A

(Face of Note)

4.50% SENIOR NOTES DUE JANUARY 15, 2030

No.	CUSIP
	ISIN
	\$

VIDEOTRON LTD.

promises to pay to CDS & CO., as nominee for CDS Clearing and Depository Services Inc., or its registered assigns, the principal sum of Dollars (\$) on January 15, 2030.

Interest Payment Dates: April 15 and October 15, commencing April 15, 2020.

Record Dates: April 1 and October 1.

IN WITNESS WHEREOF, the Company has caused this Note to be signed by its duly authorized officer.

VIDEOTRON LTD.

By:

Name:

Title:

This is one of the [Global]
Notes referred to in the
within-mentioned Indenture:

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Trustee

By: _____
Authorized Signatory

Dated , 2019

A-1

(Back of Note)

4.50% SENIOR NOTES DUE JANUARY 15, 2030

[If this is a Global Note, insert:] [THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO VIDEOTRON LTD. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

THIS NOTE AND THE GUARANTEES HEREOF (TOGETHER, THIS "SECURITY") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN AGREES FOR THE BENEFIT OF VIDEOTRON LTD. ("VIDEOTRON") NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH VIDEOTRON OR ANY AFFILIATE OF VIDEOTRON WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), EXCEPT (A) TO VIDEOTRON OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT AND IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000 PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION OF THE NOTES IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND, IN EACH CASE SUBJECT TO APPLICABLE STATE OR NON-U.S. LAW AND SUBJECT TO VIDEOTRON'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C), (D) OR (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

CANADIAN RESALES LEGEND:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) OCTOBER 8, 2019, AND (II) THE DATE THAT VIDEOTRON BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. **Interest.** Videotron Ltd., a corporation under the laws of Québec (the “*Company*”), promises to pay interest (as defined in the Indenture) on the principal amount of this Note at 4.50% per annum until maturity. The Company shall pay interest semi-annually in arrears in equal installments (except as noted below) on April 15 and October 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an “*Interest Payment Date*”). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided, however*, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further*, that the first Interest Payment Date shall be April 15, 2020. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the interest rate then in effect under the Indenture and this Note; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods), from time to time on demand at the same rate to the extent lawful. In the case of (i) the first interest period (from October 8, 2019 to April 15, 2020), interest will be calculated on the basis of the actual number of days elapsed from October 8, 2019 to (but excluding) April 15, 2020 divided by 365, and (ii) the final interest period, if applicable (from October 15, 2029 to January 15, 2030), interest will be calculated on the basis of the actual number of days elapsed from October 15, 2029 to (but excluding) January 15, 2030 divided by 365. In the case of any other interest period that is shorter than a full semi-annual interest period due to redemption, interest will be calculated on the basis of a 365-day year and the actual number of days elapsed from (and including) the date of the previous interest payment to (but excluding) the interest payment date for such interest period. For the purposes of the *Interest Act* (Canada), whenever interest is computed on a basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2. **Method of Payment.** The Company shall pay interest on the Notes (except defaulted interest) to the Persons in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the April 1 or October 1 next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium, if any, and interest at the office or agency of the Company maintained for such purpose, or, at the option of the Company, payment of interest may be made by cheque mailed to the Holders at their addresses set forth in the Security Register; *provided, however*, that payment by wire transfer of immediately available funds shall be required with respect to principal of and interest and premium on, if any, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts.

3. **Paying Agent and Registrar.** Initially, Computershare Trust Company of Canada, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. **Indenture.** The Company issued the Notes under an Indenture dated as of October 8, 2019 (“*Indenture*”) among the Company, the guarantors party thereto (the “*Subsidiary Guarantors*”) and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are

referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. ***Optional Redemption.***

- (1) Except as set forth in clauses (2) to (4) of this Section 5, the Notes shall not be redeemable at the option of the Company prior to October 15, 2024. Beginning on October 15, 2024, the Company may redeem all or a part of the Notes, at once or over time, in accordance with Section 3.03 of the Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon on the Notes redeemed, to (but excluding) the applicable redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date), if redeemed during the twelve-month period commencing on October 15 of the years indicated below:

Redemption Year	Percentage
2024	102.25%
2025	101.50%
2026	100.75%
2027 and thereafter	100.00%

- (2) At any time prior to October 15, 2022, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture, in accordance with Section 3.03 of the Indenture, at a redemption price (expressed as a percentage of principal amount) equal to 104.50% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date) with the net cash proceeds of one or more Equity Offerings; *provided, however,* that (i) at least 60% of the aggregate principal amount of the Notes issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remain outstanding immediately following such redemption and (ii) any such redemption occurs within 90 days of the date of the closing of any such Equity Offering.
- (3) If the Company becomes obligated to pay any Additional Amounts because of a change in the laws or regulations of Canada or any Canadian Taxing Authority, or a change in any official position regarding the application or interpretation thereof, in either case that is publicly announced or becomes effective on or after the Issue Date, the Company may, at any time, redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but excluding) the redemption date, *provided* that at any time that the aggregate principal amount of the Notes outstanding is greater than \$20.0 million, any Holder of the Notes may, to the extent that it does not adversely affect the Company's after-tax position, at its option, waive the Company's compliance with the provisions of Section 4.20 of the Indenture with respect to such Holder's Notes; *provided, further,* that if any Holder waives such compliance, the Company may not redeem that Holder's Notes pursuant to Section 3.07(3) of the Indenture.
- (4) Prior to October 15, 2024, the Company may redeem the Notes, in whole or in part, in accordance with Section 3.03 of the Indenture, at a redemption price equal to the greater of (a) the Canada Yield Price and (b) 100% of the aggregate principal amount of Notes to be redeemed, plus, in each case, accrued and unpaid interest thereon to (but excluding) the redemption date.
- (5) Any prepayment pursuant to this Section 5 shall be made in accordance with the provisions of Sections 3.01 through 3.06 of the Indenture.

6. **Mandatory Redemption.** Except as set forth in Sections 4.12 and 4.18 of the Indenture, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to, or offers to purchase, the Notes.

7. **Repurchase at Option of Holder.**

- (1) Within 30 days following any Change of Control Triggering Event, the Company shall give notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and shall make an offer to all Holders to repurchase all (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of such Holders' Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but excluding) the purchase date in accordance with the procedures set forth in Sections 3.09 and 4.18 of the Indenture.
- (2) If the Company or a Restricted Subsidiary consummates any Asset Sales, it shall not be required to apply any Net Proceeds in accordance with the Indenture until the aggregate Excess Proceeds from all Asset Sales following the date the Notes are first issued exceeds US\$100.0 million. Thereafter, the Company shall commence an Asset Sale Offer by applying the Excess Proceeds pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes (including any Additional Notes) that may be purchased out of the Excess Proceeds at an offer price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the Purchase Date in accordance with the procedures set forth in Section 3.09 of the Indenture. To the extent that the aggregate amount of Notes (including Additional Notes) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company (or such Restricted Subsidiary) may apply such deficiency for any purpose not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a *pro rata* basis (subject to Notes being in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof).

8. **Notice of Redemption.** Notices of redemption shall be given at least 15 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than \$1,000 may be redeemed in part but only in integral multiples of \$1,000 in excess thereof, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest shall cease to accrue on Notes or portions thereof called for redemption.

9. **Denominations, Transfer, Exchange.** The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. This Note shall represent the aggregate principal amount of outstanding Notes from time to time endorsed hereon and the aggregate principal amount of Notes represented hereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. The transfer of Notes shall be registered and Notes shall be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. **Persons Deemed Owners.** The registered Holder of a Note shall be treated as its owner for all purposes. Notwithstanding the foregoing, it is understood that amounts withheld from the registered Holder and the determination of obligations under the Indenture to pay Additional Amounts shall in each case be determined with respect to the ultimate beneficial holder and not the registered Holder.

11. ***Amendment, Supplement and Waiver.*** Subject to certain exceptions, the Company and the Trustee may amend or supplement the Indenture or the Notes with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, including Additional Notes, if any, voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 of the Indenture, any existing Default or Event of Default (except a continuing Default or Event of Default (i) in the payment of principal, premium, if any, interest or Additional Amounts, if any, on the Notes and (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment) or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes). Without the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to (a) cure any ambiguity, defect or inconsistency; (b) provide for uncertificated Notes in addition to or in place of certificated Notes; (c) provide for the assumption of the obligations of the Company or any Subsidiary Guarantor to Holders in the case of a merger, consolidation, or amalgamation or sale of all or substantially all of the assets of the Company and/or a Subsidiary Guarantor, as the case may be, in accordance with Section 5.01 of the Indenture; (d) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder; (e) add additional guarantees with respect to the Notes or release Subsidiary Guarantors from Subsidiary Guarantees as provided or permitted by the terms of the Indenture; (f) provide for the issuance of Additional Notes in accordance with the Indenture; or (g) conform the text of the Indenture or the Notes to any provision of the “Description of Notes” section in the Final Term Sheet for the Notes, dated September 24, 2019, to the extent that such provision in such “Description of Notes” section was intended to be a verbatim recitation of a provision of the Indenture or the Notes.

12. ***Defaults and Remedies.*** Each of the following is an Event of Default under the Indenture: (a) default for 30 days in the payment when due of interest on, or with respect to, the Notes; (b) default in payment, when due at Stated Maturity, upon acceleration, redemption, required repurchase or otherwise, of the principal of, or premium on, if any, the Notes; (c) failure by the Company or any Restricted Subsidiary to comply with the provisions of Section 4.12, 4.18 or 5.01 of the Indenture; (d) failure by the Company for 90 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding, to comply with the provisions of Section 4.03 of the Indenture; (e) failure by the Company or any Restricted Subsidiary for 60 days after written notice thereof has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding to comply with any of its other covenants or agreements in the Indenture; (f) default under any hypothec, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for borrowed money by the Company or any Restricted Subsidiary, or the payment of which is guaranteed by the Company or any Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default: (i) is caused by a failure to pay principal of, or interest or premium on, if any, such Indebtedness when due at the final maturity of such Indebtedness (a “*Payment Default*”); or (ii) results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$50.0 million or more; (g) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US\$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; (h) any Subsidiary Guarantee of a Significant Subsidiary ceases, or the Subsidiary Guarantees of any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary cease, to be in full force and effect (other than in accordance with the terms of any such Subsidiary Guarantee) or any Subsidiary Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Subsidiary Guarantee, or a group of Subsidiary Guarantors that, when taken together, would constitute a Significant Subsidiary deny or disaffirm their obligations under their respective Subsidiary Guarantees; and (i) certain events of bankruptcy, insolvency or reorganization affecting the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable. Notwithstanding the

foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency described in the Indenture, all outstanding Notes shall become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of at least a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest or Additional Amounts, if any) if it determines in good faith that withholding notice is in the interests of the Holders. The Holders of at least a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal, premium, if any, or interest or Additional Amounts, if any. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. **Trustee Dealings with Company.** Subject to certain limitations, the Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Subsidiary Guarantor or any Subsidiary Guarantor or any Affiliate of the Company with the same rights it would have if it were not Trustee.

14. **No Recourse Against Others.** No past, present or future director, officer, employee, incorporator or shareholder of the Company or of any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company or any Subsidiary Guarantor under the Indenture, the Notes, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability.

15. **Authentication.** This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. **CUSIP Numbers.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption or notices of Offers to Purchase as a convenience to Holders. No representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption or notice of an Offer to Purchase and reliance may be placed only on the other identification numbers printed thereon and any such redemption or Offer to Purchase shall not be affected by any defect in or omission of such numbers.

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: Videotron Ltd., 612 St. Jacques Street, Montréal, Québec H3C 4M8, Canada, Attention: Corporate Secretary.

17. **Governing Law.** The laws of the Province of Québec and the laws of Canada applicable therein shall govern and be used to construe this Note.

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.12 or 4.18 of the Indenture, check the box below:

- Section 4.12
- Section 4.18

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.12 or Section 4.18 of the Indenture, state the amount you elect to have purchased: \$

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

SIGNATURE GUARANTEE: _____

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP.

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

(Insert assignee's social insurance, social security or other tax I.D. no.)

(Print or type assignee's name, address and postal or zip code)

and irrevocably appoint _____ as
agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantor: _____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP.

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized signatory of Trustee or Note Custodian</u>

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Videotron Ltd.
612 St. Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 4.50% Senior Notes due January 15, 2030

Reference is hereby made to the Indenture, dated as of October 8, 2019 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors party thereto and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ in such Note[s] or interests (the “*Transfer*”), to (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “*1933 Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the 1933 Act.

2. Check if Transferee will take delivery of a beneficial interest in the Canadian Placement Global Note or a Definitive Note pursuant to Regulation S and securities laws in Canada. The Transfer is being effected pursuant to and in accordance with securities laws and regulations in Canada, as applicable, and in accordance with Rule 903 or Rule 904 of Regulation S under the 1933 Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the dealer registration and prospectus requirements under any applicable securities laws in Canada, (ii) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (iii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(a) of Regulation S under the 1933 Act, (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the 1933 Act or applicable securities laws in Canada, (v) if the proposed Transfer is being made prior to the expiration of the Distribution Compliance Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person

(other than a “distributor” within the meaning of Regulation S under the 1933 Act) and (vi) if a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Transferor certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Canadian Placement Global Note and/or the Definitive Note and in the Indenture and the 1933 Act.

3. Check and complete if Transferee will take delivery of a Definitive Note pursuant to any provision of the 1933 Act other than Rule 144A or Regulation S (and applicable securities laws and regulations in Canada). The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and (i) the Transfer is in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the dealer registration and prospectus requirements under any applicable securities laws in Canada, and (ii) the Transfer is being effected pursuant to and in accordance with the 1933 Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the 1933 Act;

or

(b) such Transfer is being effected to the Company or a Subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the 1933 Act and in compliance with the prospectus delivery requirements of the 1933 Act;

or

(d) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the 1933 Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation or general advertising within the meaning of Regulation D under the 1933 Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than US\$250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the 1933 Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Definitive Notes and in the Indenture and the 1933 Act.

4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the 1933 Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the 1933 Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the 1933 Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

In any case under this Item 4 in which a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Transferor certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____
Name: _____
Title: _____

Dated: _____

B-3

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note, or
 - (ii) Canadian Placement Global Note (CUSIP 92660FAL8), or
- (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE OF (a), (b) OR (c)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note, or
 - (ii) Canadian Placement Global Note (CUSIP 92660FAL8), or
 - (iii) Unrestricted Global Note; or
- (b) a Restricted Definitive Note; or
- (c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Videotron Ltd.
612 St. Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 4.50% Senior Notes due January 15, 2030

Reference is hereby made to the Indenture, dated as of October 8, 2019 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors party thereto and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Note and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the United States Securities Act of 1933, as amended (the “*1933 Act*”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Note and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(c) **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner’s Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the beneficial interest is being

acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(d) **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture as well as the applicable restrictions on transfer under the 1933 Act and securities laws and regulations in Canada, as applicable.

(b) **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CIRCLE ONE] 144A Global Note, Canadian Placement Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Definitive Note and pursuant to and in accordance with the 1933 Act, and in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture, the 1933 Act and applicable securities laws and regulations in Canada.

In any case under this Item 2 in which a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Owner certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____
Name: _____
Title: _____

Dated: _____

C-3

EXHIBIT D

**FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR**

Videotron Ltd.
612 St. Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 4.50% Senior Notes due January 15, 2030

Reference is hereby made to the Indenture, dated as of October 8, 2019 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors party thereto and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of \$ aggregate principal amount of:

- (a) a beneficial interest in a Global Note, or
(b) a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and in compliance with any applicable securities laws and regulations in Canada and the United States Securities Act of 1933, as amended (the “*1933 Act*”) and applicable state securities laws.

2. We understand that the offer and sale of the Notes have not been registered under the 1933 Act, that the Notes were offered and sold on a private placement or exempt distribution basis in one or more provinces of Canada, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree that if we should sell the Notes or any interest therein, we will do so only (A) pursuant to offers and sales to non-U.S. persons that occur outside the United States in transactions that are in accordance with, or pursuant to an exemption from, the dealer registration and prospectus requirements of applicable securities laws and regulations in Canada, and in accordance with Rule 904 of Regulation S under the 1933 Act, (B) to the Company or any subsidiary thereof, (C) in accordance with Rule 144A under the 1933 Act to a “qualified institutional buyer” (as defined therein) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the 1933 Act, (D) to an institutional “accredited investor” (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and, such transfer is in respect of a minimum principal amount of Notes of US\$250,000, (E) pursuant to any other available exemption under the 1933 Act or (F) pursuant to an effective registration statement under the 1933 Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Company such certifications, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we are able to bear the economic risk of our investment. We have had access to such financial and other information and have been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Notes.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account for investment purposes only and are not acquiring the Notes with a view to any distribution thereof in a transaction that would violate the 1933 Act or the securities laws of Canada, any province thereof, any state of the United States or any other applicable jurisdiction.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. This letter shall be governed by, and construed in accordance with, the laws of the State of New York.

[Insert Name of Accredited Investor]

By: _____

Name:
Title:

Dated: _____

D-2

EXHIBIT E
FORM OF NOTATION OF GUARANTEE

For value received, each Subsidiary Guarantor (which term includes any successor Person under the Indenture), solidarily (jointly and severally), hereby unconditionally guarantees, to the extent set forth in the Indenture and subject to the provisions in the Indenture, dated as of October 8, 2019 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors listed on the signature pages thereto and Computershare Trust Company of Canada, as trustee (the “*Trustee*”), (a) the due and punctual payment of the principal of, premium, if any, and interest and Additional Amounts, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, if any, and, to the extent permitted by law, interest and Additional Amounts, if any, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee under the Notes and the Indenture, all in accordance with the terms of the Notes and the Indenture; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration pursuant to Section 6.02 of the Indenture, redemption or otherwise. Each Subsidiary Guarantor hereby waives the benefits of discussion and division. The obligations of the Subsidiary Guarantors to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Except to the extent provided in the Indenture, including Sections 8.02, 8.03 and 10.05 thereof, this Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained herein and in the Indenture. Each Holder of a Note, by accepting the same agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

[NAME OF GUARANTOR]

By: _____

Name:

Title:

E-1

EXHIBIT F
FORM OF SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT is dated as of _____ (the “Agreement”).

To: Computershare Trust Company of Canada, for itself and as trustee under the Indenture referred to below for the holders of the Notes (the “Trustee”)

[OBLIGOR] (the “Obligor”), as obligor under the obligation dated as of _____ made or issued by the Obligor in favor of [HOLDER] (the “Subordinated Security”), and [HOLDER], as holder (the “Holder”) of the Subordinated Security, for ten dollars and other good and valuable consideration received by each of the Obligor and the Holder from the Trustee and any other Representative and by each of the Obligor and the Holder from the other, agree as follows:

(1) **Interpretation.**

(a) **Cash, Property or Securities**. “Cash, Property or Securities” shall not be deemed to include securities of the Obligor or any other Person provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided herein with respect to the Subordinated Security, to the payment of all Senior Indebtedness which may at the time be outstanding; provided, however, that (i) all Senior Indebtedness is assumed by the new Person, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of the Senior Indebtedness are not, without the consent of such holders, altered by such reorganization or readjustment.

(b) **payment in full**. “payment in full”, with respect to Senior Indebtedness, means the receipt on an irrevocable basis of cash in an amount equal to the unpaid principal amount of the Senior Indebtedness and premium, if any, and interest thereon to the date of such payment, together with all other amounts owing with respect to such Senior Indebtedness.

(c) **Representative** means the agent (including an administrative agent), trustee or representative of holders of Senior Indebtedness.

(d) **Senior Indebtedness**. “Senior Indebtedness” means, at any date, all indebtedness (including, without limitation, any and all amounts of principal, interest, special interest, additional amounts, premium, fees, penalties, indemnities and “post-petition interest” in bankruptcy and any reimbursement of expenses) under (1) the Indenture, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the Indenture), (2) the indenture, dated as of April 13, 2017, as supplemented (the “2017 Indenture”), among Videotron Ltd. (“Videotron”), the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2017 Indenture), (3) the indenture, dated as of September 15, 2015, as supplemented (the “2015 Indenture”), among Videotron, the guarantors thereto and Computershare Trust Company of Canada, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2015 Indenture), (4) the indenture, dated as of April 9, 2014, as supplemented (the “2014 Indenture”), among Videotron, the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2014 Indenture), (5) the indenture, dated as of June 17, 2013, as supplemented (the “2013 Indenture”), among Videotron, the guarantors thereto and Computershare Trust Company of Canada, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2013 Indenture), (6) the indenture, dated as of March 14, 2012, as supplemented (the “2012 Indenture”), among Videotron, the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Exchange Notes,” the “Additional Notes” and any “guarantee” of the Exchange Notes or the Additional Notes (in each case, as defined in the 2012

Indenture), and (7) any Credit Facilities (as defined in the Indenture) of Videotron. All references herein to holder of the Senior Indebtedness shall be interpreted as references to the Holders thereof (as defined in the Indenture).

(2) **Agreement Entered into Pursuant to Indenture.** The Obligor and the Holder are entering into this Agreement pursuant to the provisions of the Indenture, dated as of October 8, 2019 (the “Indenture”; capitalized terms used herein without definition having the meanings set forth therein) among Videotron, the Subsidiary Guarantors and the Trustee. Pursuant to the Indenture, Videotron has issued and the Subsidiary Guarantors have guaranteed, 4.50% Senior Notes due January 15, 2030 of Videotron.

(3) **Subordination.** The indebtedness or obligation represented by the Subordinated Security shall be subordinated as follows:

(a) **Agreement to Subordinate.** The Obligor, for itself and its successors and assigns, and the Holder agree, that the indebtedness or obligation evidenced by the Subordinated Security (including, without limitation, principal, interest, premium, redemption or retraction amount, dividend, fees, penalties, indemnities and “post-petition interest” in bankruptcy and any reimbursement of expenses) is subordinate and junior in right of payment, to the extent and in the manner provided in this Section 3, to the prior payment in full of all Senior Indebtedness. The provisions of this Section 3 are for the benefit of the Trustee and/or other Representative acting on behalf of the holders from time to time of Senior Indebtedness, and such holders are hereby made obligees hereunder to the same extent as if their names were written herein as such, and they (collectively or singly) may proceed to enforce such provisions.

(b) **Liquidation, Dissolution or Bankruptcy.**

(i) Upon any distribution of assets of the Obligor to creditors or upon a liquidation or dissolution or winding-up of the Obligor or in a bankruptcy, arrangement, liquidation, reorganization, insolvency, receivership or similar case or proceeding relating to the Obligor or its property or other marshalling of assets of the Obligor:

(A) the holders of Senior Indebtedness shall be entitled to receive payment in full of all Senior Indebtedness before the Holder shall be entitled to receive any payment of any amount owing in respect of the Subordinated Security (including, without limitation, principal, interest, premium, redemption or retraction amount, or dividend);

(B) until payment in full of all Senior Indebtedness, any distribution of assets of the Obligor of any kind or character to which the Holder would be entitled but for this Section 3 is hereby assigned absolutely to the holders of Senior Indebtedness (equally and ratably among the holders of Senior Indebtedness) and shall be paid by the Obligor or by any receiver, trustee in bankruptcy, liquidating trustee, agents or other Persons making such payment or distribution to the Trustee and/or other Representative on behalf of the holders of Senior Indebtedness, as their interests may appear; and

(C) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Obligor of any kind or character, whether in Cash, Property or Securities, shall be received by the Holder before all Senior Indebtedness is paid in full, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the Trustee and/or other Representative on behalf of the holders of Senior Indebtedness (equally and ratably among the holders of Senior Indebtedness), as their interests may appear, for application to the payment of all Senior Indebtedness until all Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of Senior Indebtedness in respect of such Senior Indebtedness.

(ii) If (A) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Obligor or its property (a “Reorganization Proceeding”) is commenced and is continuing and (B) the Holder does not file proper claims or proofs of claim in the form required in a Reorganization Proceeding prior to 45 days before the expiration of the time to file such claims, then (1) upon the request of the Trustee, the Holder shall file such claims and proofs of claim in respect of the Subordinated Security and execute and deliver such powers of attorney, assignments and proofs of claim or proxies as may be directed by the Trustee to enable it to exercise in the sole discretion of the Trustee any and all voting rights attributable to the Subordinated Security which are capable of being voted (whether by meeting, written resolution or otherwise) in a Reorganization Proceeding and enforce any and all claims upon or in respect of the Subordinated Security and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or in respect of the Subordinated Security, and (2) whether or not the Trustee shall take the action described in clause (1) above, the Trustee shall nevertheless be deemed to have such powers of attorney as may be necessary to enable the Trustee to exercise such voting rights, file appropriate claims and proofs of claim and otherwise exercise the powers described above for and on behalf of the Holder.

(c) Relative Rights. This Section 3 defines the relative rights of the Holder and the holders of Senior Indebtedness. Nothing in this Section 3 shall:

- (i) impair, as between the Obligor and the Holder, the obligation of the Obligor, which is absolute and unconditional, to make the payments required by the Subordinated Security in accordance with its terms; or
- (ii) affect the relative rights of the Holder and creditors of the Obligor other than the holders of Senior Indebtedness; or
- (iii) affect the relative rights of the holders of Senior Indebtedness among themselves; or
- (iv) prevent the Holder from exercising its available remedies upon a default, subject to the rights of the holders of Senior Indebtedness to receive cash, property or other assets otherwise payable to the Holder.

(d) Subordination May Not Be Impaired.

- (i) No right of any holder of Senior Indebtedness to enforce the subordination of indebtedness or obligation evidenced by the Subordinated Security shall in any way be prejudiced or impaired by any act or failure to act by the Obligor or by any such holder or the Trustee, or by any non-compliance by the Obligor with the terms, provisions or covenants herein, regardless of any knowledge thereof which any such holder or the Trustee may have or be otherwise charged with. Neither the subordination of the Subordinated Security as herein provided nor the rights of the holders of Senior Indebtedness with respect hereto shall be affected by any extension, renewal or modification of the terms, or the granting of any security in respect of, any Senior Indebtedness or any exercise or non-exercise of any right, power or remedy with respect thereto.
- (ii) The Holder agrees that all indebtedness or obligation evidenced by the Subordinated Security will be unsecured by any Lien upon or with respect to any property of the Obligor.
- (iii) The Holder agrees not to exercise any offset, compensation or counterclaim or similar right in respect of the indebtedness or obligation evidenced by the Subordinated Security

except to the extent payment of such indebtedness or obligation is permitted and will not assign or otherwise dispose of the Subordinated Security or the indebtedness or obligation which it evidences unless the assignee or acquiror, as the case may be, agrees to be bound by the terms of this Agreement.

(e) **Holder Entitled to Rely.** Upon any payment or distribution pursuant to this Section 3, the Holder shall be entitled to rely (i) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 3(b) are pending, (ii) upon a certificate of the liquidating trustee or agent or other person in such proceedings making such payment or distribution to the Holder or its representative, if any, or (iii) upon a certificate of the Trustee and/or other Representative (if any) of the holders of Senior Indebtedness for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Obligor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 3.

(4) **Enforceability.** Each of the Obligor and the Holder represents and warrants that this Agreement has been duly authorized, executed and delivered by each of the Obligor and the Holder and constitutes a valid and legally binding obligation of each of the Obligor and the Holder, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and that, in the case of a Subordinated Security made or issued by Videotron or a Subsidiary Guarantor, on the date hereof, the Holder shall deliver an opinion or opinions of counsel to such effect to the Trustee for the benefit of the holders of the Senior Indebtedness under the Indenture.

(5) **Miscellaneous.**

(a) Until payment in full of all the Senior Indebtedness, the Obligor and the Holder agree that no amendment shall be made to the Subordinated Security which would affect the rights of the holders of the Senior Indebtedness hereunder.

(b) This Agreement may not be amended or modified in any respect, nor may any of the terms or provisions hereof be waived, except by an instrument signed by the Obligor, the Holder and the Trustee and/or other Representative (if any).

(c) This Agreement shall be binding upon each of the parties hereto and their respective successors and assigns and shall inure to the benefit of the Trustee and/or other Representative (if any) and each and every holder of Senior Indebtedness and their respective successors and assigns.

(d) This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

(e) The Holder and the Obligor each hereby irrevocably agrees that any suits, actions or proceedings arising out of or in connection with this Agreement may be brought in any court in the Province of Québec and submits and attorns to the non-exclusive jurisdiction of each such court.

(f) The Holder and the Obligor will whenever and as often as reasonably requested to do so by the Trustee and/or other Representative (if any), do, execute, acknowledge and deliver any and all such other and further acts, assignments, transfers and any instruments of further assurance, approvals and consents as are necessary or proper in order to give complete effect to this Agreement.

If to the Obligor:

[]

If to the Holder:

[]

Each of the Holder and the Obligor further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect so long as any Notes (including any Additional Notes) remain outstanding.

IN WITNESS WHEREOF, the Obligor and the Holder each have caused this Agreement to be duly executed.

[OBLIGOR]

By _____
Name:
Title:

[HOLDER]

By _____
Name:
Title:

v

Table of Contents

	Page
ARTICLE 1. DEFINITIONS AND INCORPORATION BY REFERENCE	1
Section 1.01. <u>Definitions</u>	1
Section 1.02. <u>Other Definitions</u>	25
Section 1.03. <u>Rules of Construction</u>	26
Section 1.04. <u>Form of Documents Delivered to Trustee</u>	26
Section 1.05. <u>Acts of Holders of Notes</u>	27
Section 1.06. <u>Benefits of Indenture</u>	27
Section 1.07. <u>Trust Provisions</u>	27
Section 1.08. <u>Accounting Changes</u>	28
ARTICLE 2. THE NOTES	28
Section 2.01. <u>Form and Dating</u>	28
Section 2.02. <u>Execution and Authentication</u>	29
Section 2.03. <u>Registrar and Paying Agent</u>	30
Section 2.04. <u>Paying Agent to Hold Money in Trust</u>	31
Section 2.05. <u>Holder Lists</u>	31
Section 2.06. <u>Transfer and Exchange</u>	31
Section 2.07. <u>Replacement Notes</u>	41
Section 2.08. <u>Outstanding Notes</u>	41
Section 2.09. <u>Treasury Notes</u>	41
Section 2.10. <u>Temporary Notes</u>	41
Section 2.11. <u>Cancellation</u>	42
Section 2.12. <u>Defaulted Interest</u>	42
Section 2.13. <u>CUSIP or ISIN Numbers</u>	42
Section 2.14. <u>Issuance of Additional Notes</u>	42
ARTICLE 3. REDEMPTION AND PREPAYMENT	43
Section 3.01. <u>Notices to Trustee</u>	43
Section 3.02. <u>Selection of Notes to be Redeemed</u>	43
Section 3.03. <u>Notice of Redemption</u>	43
Section 3.04. <u>Effect of Notice of Redemption; Conditions</u>	44
Section 3.05. <u>Deposit of Redemption Price</u>	44
Section 3.06. <u>Notes Redeemed in Part</u>	45
Section 3.07. <u>Optional Redemption</u>	45
Section 3.08. <u>Mandatory Redemption; Open Market Purchases</u>	46
Section 3.09. <u>Offers to Purchase</u>	46

ARTICLE 4. COVENANTS	48
Section 4.01. <u>Payment of Notes</u>	48
Section 4.02. <u>Maintenance of Office or Agency</u>	49
Section 4.03. <u>Reports</u>	49
Section 4.04. <u>Compliance Certificate</u>	50
Section 4.05. <u>Taxes</u>	50
Section 4.06. <u>Stay, Extension and Usury Laws</u>	51
Section 4.07. <u>Corporate Existence</u>	51
Section 4.08. <u>Payments for Consent</u>	51
Section 4.09. <u>Incurrence of Indebtedness and Issuance of Preferred Shares</u>	51
Section 4.10. <u>Restricted Payments</u>	54
Section 4.11. <u>Liens</u>	57
Section 4.12. <u>Asset Sales</u>	57
Section 4.13. <u>Dividend and Other Payment Restrictions Affecting Subsidiaries</u>	59
Section 4.14. <u>Transactions with Affiliates</u>	60
Section 4.15.	61
Section 4.16.	61
Section 4.17. <u>Designation of Restricted and Unrestricted Subsidiaries</u>	61
Section 4.18. <u>Repurchase at the Option of Holders Upon a Change of Control Triggering Event</u>	62
Section 4.19. <u>Future Guarantors</u>	63
Section 4.20. <u>Additional Amounts</u>	63
Section 4.21. <u>Business Activities</u>	65
Section 4.22. <u>Covenant Termination</u>	65
ARTICLE 5. SUCCESSORS	65
Section 5.01. <u>Merger, Consolidation and Sale of Assets of the Company and Subsidiary Guarantors</u>	65
Section 5.02. <u>Successor Corporation Substituted</u>	66
ARTICLE 6. DEFAULTS AND REMEDIES	67
Section 6.01. <u>Events of Default</u>	67
Section 6.02. <u>Acceleration</u>	69
Section 6.03. <u>Other Remedies</u>	69
Section 6.04. <u>Waiver of Past Defaults</u>	70
Section 6.05. <u>Control by Majority</u>	70
Section 6.06. <u>Limitation on Suits</u>	70
Section 6.07. <u>Rights of Holders to Receive Payment</u>	70
Section 6.08. <u>Collection Suit by Trustee</u>	71
Section 6.09. <u>Trustee May File Proofs of Claim</u>	71

Section 6.10.	<u>Priorities</u>	71
Section 6.11.	<u>Undertaking for Costs</u>	72
ARTICLE 7. TRUSTEE		72
Section 7.01.	<u>Duties of Trustee</u>	72
Section 7.02.	<u>Rights of Trustee</u>	73
Section 7.03.	<u>Individual Rights of Trustee</u>	73
Section 7.04.	<u>Trustee's Disclaimer</u>	74
Section 7.05.	<u>Notice of Defaults</u>	74
Section 7.06.	<u>Compensation and Indemnity</u>	74
Section 7.07.	<u>Replacement of Trustee</u>	75
Section 7.08.	<u>Successor Trustee by Merger, Etc.</u>	76
Section 7.09.	<u>Eligibility, Disqualification</u>	76
Section 7.10.	<u>Acceptance of Trust</u>	76
Section 7.11.	<u>Fondé de Pouvoir</u>	76
Section 7.12.	<u>Company Status</u>	77
ARTICLE 8. LEGAL DEFEASANCE AND COVENANT DEFEASANCE		78
Section 8.01.	<u>Option to Effect Legal Defeasance or Covenant Defeasance</u>	78
Section 8.02.	<u>Legal Defeasance and Discharge</u>	78
Section 8.03.	<u>Covenant Defeasance</u>	78
Section 8.04.	<u>Conditions to Legal or Covenant Defeasance</u>	79
Section 8.05.	<u>Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions</u>	80
Section 8.06.	<u>Repayment to Company</u>	80
Section 8.07.	<u>Reinstatement</u>	81
ARTICLE 9. AMENDMENT, SUPPLEMENT AND WAIVER		81
Section 9.01.	<u>Without Consent of Holders of Notes</u>	81
Section 9.02.	<u>With Consent of Holders of Notes</u>	81
Section 9.03.	<u>Revocation and Effect of Consents</u>	83
Section 9.04.	<u>Notation on or Exchange of Notes</u>	83
Section 9.05.	<u>Trustee to Sign Amendments, Etc.</u>	83
ARTICLE 10. SUBSIDIARY GUARANTEES		84
Section 10.01.	<u>Guarantee</u>	84
Section 10.02.	<u>Limitation on Subsidiary Guarantor Liability</u>	85
Section 10.03.	<u>Execution and Delivery of Subsidiary Guarantee</u>	85
Section 10.04.	<u>Subsidiary Guarantors May Consolidate, Etc., on Certain Terms</u>	86
Section 10.05.	<u>Releases Following Sale of Assets</u>	86

ARTICLE 11. SATISFACTION AND DISCHARGE	87
Section 11.01. <u>Satisfaction and Discharge</u>	87
Section 11.02. <u>Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions</u>	87
Section 11.03. <u>Repayment to Company</u>	88
Section 11.04. <u>Release of Subsidiary Guarantors upon Satisfaction and Discharge of Indenture</u>	88
ARTICLE 12. MISCELLANEOUS	88
Section 12.01. <u>Notices</u>	88
Section 12.02. <u>Applicable Procedures of the Depository</u>	89
Section 12.03. <u>Certificate and Opinion as to Conditions Precedent</u>	90
Section 12.04. <u>Statements Required in Certificate or Opinion</u>	90
Section 12.05. <u>Rules by Trustee and Agents</u>	90
Section 12.06. <u>No Personal Liability of Directors, Officers, Employees and Shareholders</u>	90
Section 12.07. <u>Governing Law</u>	90
Section 12.08. <u>No Adverse Interpretation of Other Agreements</u>	91
Section 12.09. <u>Successors</u>	91
Section 12.10. <u>Severability</u>	91
Section 12.11. <u>Conversion of Currency</u>	91
Section 12.12. <u>Currency Equivalent</u>	92
Section 12.13. <u>Privacy Matters</u>	92
Section 12.14. <u>Counterpart Originals</u>	92
Section 12.15. <u>Table of Contents, Headings, Etc.</u>	92
Section 12.16. <u>Trust Indenture Legislation</u>	93
Section 12.17. <u>Language of Indenture, Etc.</u>	93
Section 12.18. <u>Force Majeure</u>	93
Section 12.19. <u>Third Party Interests</u>	93
Section 12.20. <u>Anti-money Laundering</u>	93
ARTICLE 13. MEETINGS OF HOLDERS OF NOTES	94
Section 13.01. <u>Purposes for which Meetings may be Called</u>	94
Section 13.02. <u>Call, Notice and Place of Meetings</u>	94
Section 13.03. <u>Persons Entitled to Vote at Meetings</u>	94
Section 13.04. <u>Quorum, Action</u>	94
Section 13.05. <u>Determination of Voting Rights; Conduct and Adjournment of Meetings</u>	95
Section 13.06. <u>Counting Votes and Recording Action of Meetings</u>	95
Section 13.07. <u>Distribution of Proxy Materials to Participants</u>	96

EXHIBIT A: FORM OF NOTE

EXHIBIT B: FORM OF CERTIFICATE OF TRANSFER

EXHIBIT C: FORM OF CERTIFICATE OF EXCHANGE

EXHIBIT D: FORM OF CERTIFICATE FROM ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

EXHIBIT E: FORM OF NOTATION OF GUARANTEE

EXHIBIT F: FORM OF SUBORDINATION AGREEMENT

Quebecor Media Inc.

**Statement Regarding Calculation of Ratio of Earnings to Fixed Charges as Disclosed in
Quebecor Media Inc.'s Annual Report on Form 20-F for the Year Ended December 31, 2019**

For the purpose of calculating the ratio of earnings to fixed charges disclosed in Quebecor Media Inc.'s Annual Report on Form 20-F for the year ended December 31, 2019 under IFRS, (i) earnings consist of net income (loss), plus income taxes, fixed charges, amortized capitalized interest, less interest capitalized and (ii) fixed charges consist of interest expensed and capitalized, plus premiums and discounts amortization and financing fees amortization.

Main Subsidiaries of Quebecor Media Inc.

Name of Subsidiary	Jurisdiction of Incorporation or Organization	Equity Interest/Voting Interest
Videotron Ltd.	Québec	100% / 100%
Fibrenoire Inc.	Canada	100% / 100%(1)
Fizz Mobile & Internet Inc.	Québec	100% / 100%(1)
Le SuperClub Vidéotron ltée	Québec	100% / 100%
MediaQMI Inc.	Canada	100% / 100%
Quebecor Media Printing (2015) Inc.	Canada	100% / 100%
Quebecor Media Network Inc.	Canada	100% / 100%
CEC Publishing inc.	Québec	100% / 100%
Sogides Group Inc.	Canada	100% / 100%
Groupe TVA inc.	Québec	68.37% / 99.97%
TVA Publications Inc.	Canada	100% / 100%(2)
Les Publications Charron & Cie Inc.	Canada	100% / 100%(2)
Mels Studios and Postproduction G.P.	Québec	100% / 100%(2)
Event Management Gestev Inc.	Canada	100% / 100%
Québecor Sports et divertissement Inc.	Canada	100% / 100%
QMI Spectacles inc.	Québec	100% / 100%

(1) Fibrenoire Inc. and Fizz Mobile & Internet Inc. are wholly-owned subsidiaries of Videotron Ltd.

(2) TVA Publications Inc., Les Publications Charron & Cie Inc. and Mels Studios and Postproduction G.P. are wholly-owned subsidiaries of TVA Group inc.

**Certification of the Principal Executive Officer of
Quebecor Media Inc.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor Media Inc. (the “Company”), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: March 25, 2020

/s/ Pierre Karl Péladeau

Name: Pierre Karl Péladeau

Title: President and Chief Executive Officer

**Certification of the Principal Financial Officer of
Quebecor Media Inc.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Hugues Simard, Chief Financial Officer of Quebecor Media Inc. (the "Company"), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 25, 2020

/s/ Hugues Simard
Name: Hugues Simard
Title: Chief Financial Officer

**Certification of the Principal Executive Officer of
Quebecor Media Inc.
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Quebecor Media Inc. (the “Company”) on Form 20-F for the year ending December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Pierre Karl Péladeau, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2020

/s/ Pierre Karl Péladeau

Name: Pierre Karl Péladeau

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

**Certification of the Principal Financial Officer of
Quebecor Media Inc.
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Quebecor Media Inc. (the “Company”) on Form 20-F for the year ending December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Hugues Simard, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2020

/s/ Hugues Simard
Name: Hugues Simard
Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.
