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, 2013

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 033-51000

VIDEOTRON LTD. / VIDÉOTRON LTÉE
(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	Name of each exchange on which registered
None	None

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

None
(Title of Class)

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

6 3/8% Senior Notes due December 15, 2015
5% Senior Notes due July 15, 2022
(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.

2,516,829 Class "A" 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

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

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EXPLANATORY NOTES

All references in this annual report to "Videotron" or "our Corporation", as well as the use of the terms "we", "us", "our" or similar terms, are references to Videotron Ltd. and, unless the context otherwise requires, its consolidated subsidiaries. All references in this annual report to "Quebecor Media" are to our parent corporation Quebecor Media Inc., all references to "TVA Group" are to TVA Group Inc., a public subsidiary of Quebecor Media, and all references to "Quebecor" are to Quebecor Inc., the majority shareholder of Quebecor Media. In this annual report, all references to the "CRTC" are references to the Canadian Radio-television and Telecommunications Commission.

All references in this annual report to our "Senior Notes" are to, collectively, our issued and outstanding 6 3/8% Senior Notes due December 15, 2015, our 9 1/8% Senior Notes due April 15, 2018, our 7 1/8% Senior Notes due January 15, 2020, our 6 7/8% Senior Notes due July 15, 2021, our 5% Senior Notes due July 15, 2022 and our 5 5/8% Senior Notes due June 15, 2025.

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, BBM Canada ("**BBM**"), the National Cable & Telecommunications Association ("**NCTA**"), A.C. Nielsen Media Research, and SNL Kagan. 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. Cable penetration and market share data contained in this annual report is generally based on sources published in the first quarter of 2014. Industry and company data is approximate and may reflect rounding in certain cases.

PRESENTATION OF FINANCIAL INFORMATION

IFRS and Functional Currency

Our audited consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Prior to the adoption of IFRS on January 1, 2011, for all periods up to and including the year ended December 31, 2010, our audited consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada in effect prior to January 1, 2011, which we refer to as "Canadian GAAP."

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/Non-Canadian GAAP/Non-U.S. GAAP Measures

In this annual report, we use certain financial measures that are not calculated in accordance with IFRS, Canadian GAAP or accounting principles generally accepted in the United States ("**U.S. GAAP**"). We use these non-IFRS (and non-Canadian GAAP and non-U.S. GAAP) financial measures, such as average monthly revenue per user ("**ARPU**"), adjusted operating income, adjusted operating income margin and long-term debt, excluding QMI subordinated loans, because we believe that they are meaningful measures of our performance. Our method of calculating these non-IFRS (and non-Canadian GAAP and non-U.S. GAAP) financial measures may differ from the methods used by other companies and, as a result, the non-IFRS (and non-Canadian GAAP and non-U.S. GAAP) 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 operating income, adjusted operating income margin and ARPU under "Item 5. Operating and Financial Review and Prospects – Non-IFRS Financial Measures". We also provide a definition of adjusted operating income, a reconciliation of adjusted operating income and a reconciliation of long-term debt, excluding QMI subordinated loans to the most directly comparable financial measures under each of IFRS, Canadian GAAP and U.S. GAAP in footnotes 5 and 6 to the tables under "Item 3. Key Information – A. Selected Financial Data".

Unless otherwise indicated, information provided in this annual report, including all operating data presented, is as at December 31, 2013.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the average, high, low and end of period noon rates published by the Bank of Canada. Such rates are presented as U.S. dollars per CAN$1.00. On March 19, 2014, the noon rate was CAN$1.00 equals US$0.8945. We do not make any representation that Canadian dollars could have been converted into U.S. dollars at the rates shown or at any other rate. You should note that the rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our consolidated financial statements.

Year Ended:	Average[1]	High	Low	Period End
December 31, 2013	0.9710	1.0164	0.9348	0.9402
December 31, 2012	1.0004	1.0299	0.9599	1.0051
December 31, 2011	1.0111	1.0583	0.9430	0.9833
December 31, 2010	0.9709	1.0054	0.9278	1.0054
December 31, 2009	0.8757	0.9716	0.7692	0.9555

Month Ended:	Average[2]	High	Low	Period End
March 2014 (through March 19, 2014)	0.9022	0.9119	0.8945	0.8945
February 28, 2014	0.9046	0.9130	0.8977	0.9029
January 31, 2014	0.9139	0.9422	0.8952	0.8994
December 31, 2013	0.9399	0.9454	0.9348	0.9402
November 30, 2013	0.9531	0.9602	0.9435	0.9435
October 31, 2013	0.9649	0.9724	0.9564	0.9589
September 30, 2013	0.9669	0.9768	0.9494	0.9723

(1) The average of the daily noon rates for each day during the applicable year.
(2) The average of the daily noon rates for each day during the applicable month.

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 these 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 offering;
- general economic, financial or market conditions;
- the intensity of competitive activity in the industries in which we operate;
- new technologies that might change consumer behaviour towards our product suite;
- unanticipated higher capital spending required to deploy our network or to address 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 and telephony services, and our ability to protect such services from piracy;
- labour disputes or strikes;
- 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 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 or furnish with the U.S. Securities and Exchange Commission ("**SEC**"), as described under "Item 10. Additional Information – Documents on Display" of this annual report.

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, 2013, 2012, 2011 and 2010. We derived this selected consolidated financial information from our audited consolidated financial statements, which are comprised of consolidated balance sheets as at December 31, 2013, 2012, 2011 and 2010 and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the years in the four-year period ended December 31, 2013. 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, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 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, 2011 and 2010 and for the year ended December 31, 2010 are not included in this annual report. Our consolidated financial statements as at December 31, 2013, 2012, 2011 and 2010 and for the years ended December 31, 2013, 2012, 2011 and 2010 have been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP's report on these consolidated financial statements (other than the consolidated financial statements for the year ended December 31, 2010 and as at December 31, 2011 and 2010) is included in this annual report.

In separate tables below, we also present selected consolidated financial information presented in accordance with Canadian GAAP and, separately, in accordance with U.S. GAAP for each of the years ended December 31, 2010 and 2009. We derived this Canadian GAAP selected consolidated financial information from our audited consolidated financial statements comprised of consolidated balance sheets as at December 31, 2010 and 2009 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years ended December 31, 2010 and 2009, which are not included in this annual report. We also derived this U.S. GAAP selected consolidated financial information from our consolidated financial statements as at December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009, which include a discussion of the principal differences between Canadian GAAP and U.S. GAAP. Our consolidated financial statements as at December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 prepared in accordance with Canadian GAAP have been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP's report on those consolidated financial statements prepared in accordance with Canadian GAAP is not included in this annual report.

The information presented below the caption "Other Financial Data and Ratios" is unaudited except for cash flows and capital expenditures, which have been derived from our IFRS and Canadian GAAP consolidated financial statements. The information presented below the caption "Operating Data" is not derived from our consolidated financial statements and is unaudited.

We caution you that the separate tables below include financial information based on IFRS, Canadian GAAP and U.S. GAAP, respectively. The information based on IFRS is not comparable to information prepared in accordance with Canadian GAAP or the information prepared in accordance with U.S. GAAP.

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

IFRS DATA

	Year ended December 31,			
	2013	2012 (restated)[1][2][3]	2011 (restated)[1][2][3]	2010 (restated)[1][2][3]
	(dollars in thousands, except percentages, ratios and Operating Data)			
Consolidated Statement of Income Data:				
Operating revenues:				
Cable television	$1,090,261	$ 1,079,343	$ 1,012,604	$ 950,590
Internet	818,400	772,497	698,234	644,283
Cable telephony	473,798	454,861	436,694	409,858
Mobile telephony	220,561	171,624	112,762	53,167
Business solutions	63,525	64,945	63,109	59,863
Equipment sales	36,524	43,412	55,953	59,976
Other	8,754	11,162	9,974	8,161
Total operating revenues	2,711,823	2,597,844	2,389,330	2,185,898
Employee costs	370,536	359,278	320,281	263,884
Purchase of goods and services	1,056,480	1,034,862	995,461	899,090
Amortization	561,743	485,385	407,011	290,977
Financial expenses[4]	174,145	179,498	161,211	154,208
Loss (gain) on valuation and translation of financial instruments	163,725	(75,738)	(53,869)	(24,373)
Loss (gain) on debt refinancing	18,912	(7,608)	(4,986)	—
Restructuring of operations and other special items	684	478	15,094	10,500
Income taxes expense	29,449	115,855	105,067	103,675
Income from discontinued operations (net of income taxes)[1]	40,706	8,145	12,175	7,757
Net income	$ 376,855	$ 513,979	$ 456,235	$ 495,694
Consolidated Balance Sheet Data (at year end):				
Cash and cash equivalents	$ 322,469	$ 163,231	$ 94,093	$ 95,509
Total assets	7,029,396	6,992,107	6,545,195	5,489,038
Long-term debt, excluding QMI subordinated loans[5][6]	2,399,105	2,127,057	1,857,057	1,786,076
QMI subordinated loans[5][6]	2,280,000	1,630,000	1,630,000	1,630,000
Capital stock	3,401	3,401	3,401	3,401
Equity attributable to shareholder	820,807	773,269	975,475	714,501
Cash dividends declared	361,880	760,000	140,000	437,000
Other Financial Data and Ratios:				
Adjusted operating income[7]	$1,284,807	$ 1,203,704	$ 1,073,588	$ 1,022,924
Adjusted operating income margin[7]	47.4%	46.3%	44.9%	46.8%
Cash flows provided by operating activities	1,058,340	1,147,847	892,453	780,436
Cash flows used in investing activities	(524,875)	(708,810)	(823,222)	(1,061,094)
Cash flows (used in) provided by financing activities	(377,399)	(380,674)	(82,455)	226,596
Capital expenditures[8]	598,494	745,853	795,972	722,312
Ratio of earnings to fixed charges[9]	3.2x	4.3x	4.3x	4.6x
Operating Data (at year end, except ARPU):				
Homes passed[10]	2,742,476	2,701,242	2,657,315	2,612,406
Basic cable customers[11]	1,825,081	1,854,981	1,861,477	1,811,570
Basic cable penetration[12]	66.5%	68.7%	70.1%	69.3%
Digital customers	1,531,361	1,484,589	1,400,814	1,219,599
Digital penetration[13]	83.9%	80.0%	75.3%	67.3%
Cable Internet customers	1,418,338	1,387,657	1,332,551	1,252,104
Cable Internet penetration[12]	51.7%	51.4%	50.1%	47.9%
Cable telephony customers	1,286,070	1,264,862	1,205,272	1,114,294
Cable telephony penetration[12]	46.9%	46.8%	45.4%	42.7%
Mobile telephony lines	503,331	402,636	290,578	136,111
ARPU[14]	$ 118.03	$ 111.57	$ 103.28	$ 95.73

CANADIAN GAAP DATA

	Year ended December 31, 2010 (restated)[1][2]	2009 (restated)[1][2]
	(dollars in thousands, except percentages, ratios and Operating Data)	
Consolidated Statement of Income Data:		
Operating revenues:		
Cable television	$ 950,590	$ 875,550
Internet	644,283	574,180
Cable telephony	409,858	353,773
Mobile telephony	53,167	41,422
Business solutions	59,863	58,384
Equipment sales	59,976	57,927
Other	8,161	9,003
Total operating revenues	2,185,898	1,970,239
Cost of sales and operating expenses	1,162,891	1,010,465
Amortization	293,439	240,102
Financial expenses[4][15]	118,217	80,785
Gain on valuation and translation of financial instruments	(24,373)	(44,060)
Restructuring of operations and other special items	20,500	—
Income taxes expense	108,526	99,432
Income from discontinued operations (net of income taxes) [1]	7,757	6,243
Non-controlling interest in a subsidiary	244	102
Net income	$ 514,211	$ 589,656
Consolidated Balance Sheet Data (at year end):		
Cash and cash equivalents	$ 95,509	$ 149,571
Total assets	5,598,112	4,706,348
Long-term debt, excluding QMI subordinated loans[5][6]	1,786,076	1,592,321
QMI subordinated loans[5][6]	1,630,000	1,260,000
Capital stock	3,401	1
Shareholder's equity	799,270	699,957
Cash dividends declared and reductions of paid-up capital	437,000	303,000
Other Financial Data and Ratios:		
Adjusted operating income[7]	$ 1,023,007	$ 959,774
Adjusted operating income margin[7]	46.8%	48.7%
Cash flows provided by operating activities	815,698	877,027
Cash flows (used in) provided by investing activities	(1,096,356)	259,406
Cash flows provided by (used in) financing activities	226,596	(986,179)
Capital expenditures[8]	757,574	523,147
Ratio of earnings to fixed charges[9]	4.6x	5.8x
Operating Data (at year end, except ARPU):		
Homes passed[10]	2,612,406	2,575,315
Basic cable customers[11]	1,811,570	1,777,025
Basic cable penetration[12]	69.3%	69.0%
Digital customers	1,219,599	1,084,100
Digital penetration[13]	67.3%	61.0%
Cable Internet customers	1,252,104	1,170,570
Cable Internet penetration[12]	47.9%	45.5%
Cable telephony customers	1,114,294	1,014,038
Cable telephony penetration[12]	42.7%	39.4%
Mobile telephony lines	136,111	82,813
ARPU[14]	$ 95.73	$ 88.21

U.S. GAAP DATA

	Year ended December 31, 2010 (restated)[1][2]	2009 (restated)[1][2]
	(dollars in thousands, except percentages, ratios and Operating Data)	
Consolidated Statement of Income Data:		
Operating revenues:		
Cable television	$ 950,577	$ 878,903
Internet	646,304	575,818
Cable telephony	414,503	358,146
Mobile telephony	53,167	41,422
Business solutions	59,863	58,384
Equipment sales	59,976	57,927
Other	8,161	9,003
Total operating revenues	2,192,551	1,979,603
Cost of sales and operating expenses	1,177,119	1,025,609
Amortization	306,178	251,091
Financial expenses[4][15]	118,217	80,785
Gain on valuation and translation of financial instruments	(6,837)	(20,750)
Impairment of goodwill and other items	20,500	—
Income taxes expense	100,322	99,136
Income from discontinued operations (net of income taxes) [1]	7,757	6,243
Non-controlling interest in a subsidiary	244	102
Net income	$ 484,565	$ 549,873
Consolidated Balance Sheet Data (at year end):		
Cash and cash equivalents	$ 95,509	$ 149,571
Total assets	7,687,236	6,834,258
Long-term debt, excluding QMI subordinated loans[5][6]	1,827,904	1,614,666
QMI subordinated loans[5][6]	1,630,000	1,260,000
Capital stock	3,401	1
Shareholder's equity	2,864,379	2,816,273
Cash dividends declared and reductions of paid-up capital	437,000	303,000
Other Financial Data and Ratios:		
Adjusted operating income[7]	$ 1,015,432	$ 953,994
Adjusted operating income margin[7]	46.3%	48.2%
Cash flows provided by operating activities	807,323	875,247
Cash flows (used in) provided by investing activities	(1,087,981)	261,186
Cash flows provided by (used in) financing activities	226,596	(986,179)
Capital expenditures[8]	749,199	521,344
Ratio of earnings to fixed charges[9]	4.3x	5.5x

(1) On May 1, 2011, the Corporation acquired Jobboom Inc., a subsidiary of an affiliated corporation, for a total cash consideration of $32.1 million. Since the transaction occurred between wholly owned subsidiaries of the parent corporation, the acquisition was accounted for using the continuity of interest method and the cash consideration paid was recorded in reduction of retained earnings.
On May 31, 2013, the Corporation sold its specialized Web sites Jobboom and Réseau Contact to its parent corporation. The results and cash flows related to these businesses were reclassified as discontinued operations. Refer to Note 8 of our consolidated financial statements included under "Item 18. Financial Statements" in this annual report for more details.

(2) On December 29, 2013, the Corporation sold all the operating assets and liabilities of Le Superclub Videotron to a wholly owned subsidiary of its parent corporation. Accordingly, prior period figures related to Le Superclub Videotron have been restated as if Le Superclub Videotron had never been a subsidiary of the Corporation. Refer to Note 9 of our consolidated financial statements included under "Item 18. Financial Statements" in this annual report for more details.

(3) On January 1, 2013, the Corporation adopted IFRS Standard IAS 19 – *Employee Benefits (Amended)* retrospectively. Therefore, prior period comparative figures were restated to comply with this new IFRS standard. Refer to Note 1(b) of our Consolidated Financial Statements included under "Item 18. Financial Statements" in this annual report for more details on the impact of the restatement for the years ended December 31, 2012 and 2011.

(4) We are party to a number of back-to-back transactions with Quebecor Media and 9101-0835 Québec inc., a subsidiary of Quebecor Media. With respect to these back-to-back transactions, we recorded interest expense of $265.9 million for the year

ended December 31, 2013, $213.9 million for the year ended December 31, 2012, $171.6 million for the year ended December 31, 2011, $169.4 million for the year ended December 31, 2010 and $179.8 million for the year ended December 31, 2009, but we recorded $272.5 million, $221.1 million, $177.4 million, $175.0 million and $185.8 million in dividends from Quebecor Media in 2013, 2012, 2011, 2010 and 2009 respectively. See “Item 5. Operating and Financial Review and Prospects—Uses of Liquidity and Capital Resources—Purchase of Shares of Quebecor Media and Servicing of Subsidiary Subordinated Loan”.

(5) For the years ended December 31, 2013, 2012, 2011, 2010 and 2009, the term "QMI subordinated loans" refers to the $1.0 billion and $870.0 million subordinated loans due 2022 we entered into in 2007 in favor of Quebecor Media (partly redeemed for $500.0 million and $525.0 million in 2009 and 2008, respectively), the $415.0 million subordinated loan due 2023 we entered into in 2008 in favor of Quebecor Media, the $1.3 billion subordinated loan due 2025 we entered into in 2010 in favor of Quebecor Media (partly redeemed for $930.0 million in 2010), the $3.25 billion subordinated loan due 2043 we entered into in 2013 in favour of Quebecor Media (partly redeemed for $2.6 billion in 2013), the $125.0 million subordinated loan due 2022 one of our subsidiaries entered into in 2007 in favor of Quebecor Media (entirely redeemed in 2009), the $170.0 million subordinated loan due in 2023 one of our subsidiaries entered into in 2008 in favor of Quebecor Media (entirely redeemed in 2009), and the $190.0 million subordinated loan due in 2024 one of our subsidiaries entered into in 2009 in favor of Quebecor Media (entirely redeemed in 2009). See "Item 5. Operating and Financial Review and Prospects — Uses of Liquidity and Capital Resources—Purchase of Shares of Quebecor Media and Servicing of Subsidiary Subordinated Loan".

(6) We believe that long-term debt, excluding QMI subordinated loans, provides investors with a meaningful measure of our long-term debt because the QMI subordinated loans are subordinated in right of payment to the prior payment in full of our senior indebtedness, including our notes, and because the proceeds of our QMI subordinated loans due 2022, 2023, 2024, 2025 and 2043 were invested in retractable preferred shares of Quebecor Media or its subsidiaries as part of back-to-back transactions to reduce our income tax obligations. Consequently, we disclose long-term debt, excluding QMI subordinated loans, as a supplemental measure of our indebtedness in this annual report. Long-term debt, excluding QMI subordinated loans, is not intended to be, and should not be, regarded as an alternative to other financial reporting measures, and it should not be considered in isolation as a substitute for measures of liabilities prepared in accordance with IFRS, Canadian GAAP or U.S. GAAP. Long-term debt, excluding QMI subordinated loans, is calculated from and reconciled to long-term debt as follows:

AMOUNTS UNDER IFRS	At December 31			
	2013	2012	2011	2010
	(Canadian dollars in millions) (unaudited)			
Long-term debt	$ 4,679.1	$ 3,757.1	$ 3,487.1	$ 3,416.1
QMI subordinated loans[5]	(2,280.0)	(1,630.0)	(1,630.0)	(1,630.0)
Long-term debt, excluding QMI subordinated loans, as defined	$ 2,399.1	$ 2,127.1	$ 1,857.1	$ 1,786.1

AMOUNTS UNDER CANADIAN GAAP	At December 31	
	2010	2009
	(Canadian dollars in millions) (unaudited)	
Long-term debt	$ 3,416.1	$ 2,852.3
QMI subordinated loans[5]	(1,630.0)	(1,260.0)
Long-term debt, excluding QMI subordinated loans, as defined	$ 1,786.1	$ 1,592.3

AMOUNTS UNDER U.S. GAAP	At December 31	
	2010	2009
	(Canadian dollars in millions) (unaudited)	
Long-term debt	$ 3,457.9	$ 2,874.7
QMI subordinated loans[5]	(1,630.0)	(1,260.0)
Long-term debt, excluding QMI subordinated loans, as defined	$ 1,827.9	$ 1,614.7

(7) Adjusted operating income and ratios based on this measure are not required by or recognized under IFRS, Canadian GAAP or U.S. GAAP. We define adjusted operating income, as reconciled to net income under IFRS, as net income before amortization, financial expenses, gain or loss on valuation and translation of financial instruments, restructuring of operations and other special items, gain or loss on debt refinancing, income from discontinued operations and income taxes. We define adjusted operating income margin as the adjusted operating income expressed as a percentage of revenues under IFRS, Canadian GAAP or U.S. GAAP. We defined adjusted operating income, as reconciled to net income under Canadian GAAP, as net income before amortization, financial expenses, gain or loss on valuation and translation of financial instruments, restructuring of operations and other special items, income taxes, income from discontinued operations and non-controlling interests in a subsidiary. Under U.S. GAAP, we defined adjusted operating income, as reconciled to net income under U.S. GAAP, as net income before amortization, financial expenses, gain or loss on valuation and translation of financial instruments, impairment of goodwill and other items, income taxes, income from discontinued operations and non-controlling interests in a subsidiary. Adjusted operating income, and ratios using this measure, are not intended to be regarded as alternatives to other financial operating performance measures or to the consolidated statement of cash flows as a measure of liquidity and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS, Canadian GAAP or U.S. GAAP. We use adjusted operating income because we believe that it is a meaningful measure in evaluating Videotron's consolidated results. As such, this measure eliminates the effect of significant levels of non-cash charges related to depreciation of tangible assets and amortization of certain intangible assets, and it is unaffected by the capital structure or investment activities of Videotron. A limitation of this measure, however, is that it does not reflect the periodic costs of capitalized tangible and intangible assets used

in generating revenues. Measures like adjusted operating income are commonly used by the investment community to analyze and compare the performance of companies in the industries in which we are engaged. Our definition of adjusted operating income may not be the same as similarly titled measures reported by other companies, therefore limiting its usefulness as a comparative measure. See "Presentation of Financial Information — Non-IFRS/Non-Canadian GAAP/Non-U.S. GAAP Measures". Our adjusted operating income is calculated from and reconciled to net income under IFRS for the years ended December 31, 2013, 2012, 2011 and 2010 in the table below:

AMOUNTS UNDER IFRS	2013	2012 (restated)(1)(2)(3)	2011 (restated)(1)(2)(3)	2010 (restated)(1)(2)(3)
	Year ended December 31, (dollars in millions) (unaudited)			
Net income	$ 376.9	$ 514.0	$ 456.2	$ 495.7
Amortization	561.7	485.4	407.0	291.0
Financial expenses(4)	174.1	179.4	161.2	154.2
Loss (gain) on valuation and translation of derivative instruments	163.7	(75.7)	(53.9)	(24.4)
Loss (gain) on debt refinancing	18.9	(7.6)	(5.0)	—
Restructuring of operations and other special items	0.7	0.5	15.1	10.5
Income taxes expense	29.4	115.8	105.1	103.7
Income from discontinued operations	(40.7)	(8.1)	(12.1)	(7.7)
Adjusted operating income, as defined	$1,284.7	$ 1,203.7	$ 1,073.6	$ 1,023.0

The following table provides a reconciliation under Canadian GAAP of adjusted operating income to net income as presented in our historical consolidated financial statements not included in this annual report:

AMOUNTS UNDER CANADIAN GAAP	2010 (restated)(1)(2)	2009 (restated)(1)(2)
	Year ended December 31, (dollars in millions) (unaudited)	
Net income	$ 514.2	$ 589.7
Amortization	293.4	240.1
Financial expenses(4)(15)	118.2	80.8
Gain on valuation and translation of derivative instruments	(24.4)	(44.1)
Restructuring of operations and other special items	20.5	—
Income taxes expense	108.5	99.4
Income from discontinued operations	(7.7)	(6.2)
Non-controlling interest in a subsidiary	0.3	0.1
Adjusted operating income, as defined	$ 1,023.0	$ 959.8

The following table provides a reconciliation under U.S. GAAP of adjusted operating income to net income as presented in our historical consolidated financial statements not included in this annual report:

AMOUNTS UNDER U.S. GAAP	2010 (restated)(1)(2)	2009 (restated)(1)(2)
	Year ended December 31, (dollars in millions) (unaudited)	
Net income	$ 484.6	$ 549.9
Amortization	306.1	251.1
Financial expenses(4)(15)	118.2	80.8
Impairment of goodwill and other items	20.5	—
Gain on valuation and translation of derivative instruments	(6.9)	(20.8)
Income taxes expense	100.3	99.1
Income from discontinued operations	(7.7)	(6.2)
Non-controlling interest in a subsidiary	0.3	0.1
Adjusted operating income, as defined	$ 1,015.4	$ 954.0

(8) Capital expenditures are comprised of acquisitions of fixed assets and intangible assets, excluding licenses.

(9) For the purpose of calculating the ratio of earnings to fixed charges, (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, excluding interest on QMI subordinated loans, plus premiums and discounts amortization, financing fees amortization and an estimate of the interest within rental expense.

(10) "Homes passed" means the number of residential premises, such as single dwelling units or multiple dwelling units, and commercial premises passed by the cable television distribution network in a given cable system service area in which the programming services are offered.

(11) "Basic cable customers" are customers who receive basic cable television service in either analog or digital mode.
(12) Represents customers as a percentage of total homes passed.
(13) Represents customers for the digital service as a percentage of basic cable customers.
(14) ARPU is an industry metric that we use to measure our monthly cable television, Internet access, cable and mobile telephony revenues per average basic cable customer. ARPU is not a measurement that is consistent with IFRS, or recognized under or consistent with Canadian GAAP, and our definition and calculation of ARPU may not be the same as identically titled measurements reported by other companies. We calculate our combined ARPU by dividing our combined cable television, Internet access, cable and mobile telephony revenues by the average number of basic cable customers during the applicable period, and then dividing the resulting amount by the number of months in the applicable period. Specific ARPU for each of our four lines of services is calculated by dividing the revenue generated from those subscribers by the average number of subscribers for such service during the period, and then dividing the resulting amount by the number of months in the applicable period.

(15) A wholly-owned subsidiary of Videotron entered into back-to-back transactions with Quebecor Media and 9101-0835 Québec inc. With respect to these back-to-back transactions, we recorded interest expense of $48.6 million in the year ended December 31, 2009 but we recorded $50.2 million in dividends from Quebecor Media for 2009. No such interest or dividends were recorded in the years ended December 31, 2013, 2012, 2011 and 2010 since the subordinated loans relating to such back-to-back transactions were entirely redeemed on January 1, 2010.

B- Capitalization and Indebtedness

Not applicable.

C- Reasons for the Offer and Use of Proceeds

Not applicable.

D- 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

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

Our cable business competes against providers of direct broadcast satellite (or "**DBS**", which in Canada are also referred to as "**DTH**," for "direct-to-home" satellite providers), multichannel multipoint distribution systems (or "**MDS**"), and satellite master antenna television systems. In addition, we compete against incumbent local exchange carriers (or "**ILECs**"), which have secured licenses to launch video distribution services using video digital subscriber line (or "**VDSL**") technology (also known as Internet protocol television or "**IPTV**"). The main ILEC in our market holds a regional license to provide terrestrial broadcasting distribution in Montréal and several other communities in the Province of Québec. The same ILEC launched its own IPTV service in Montréal (including a portion of the greater Montreal area), in Québec City and in other locations in the Province. A full rollout throughout the Province of Québec is expected in the years to come. The direct access to some broadcasters' websites that provide streaming in high-definition of video-on-demand content is also available for some of the channels we offer in our television programming. In addition, third-party Internet access providers could launch IP video services in our footprint.

We also face competition from illegal providers of cable television services and illegal access to non-Canadian DBS (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). Competitors in the video business also include emerging content delivery platforms. Furthermore, over-the-top ("**OTT**") content providers, such as Netflix and Apple TV, compete for viewership.

Due to ongoing technological developments, the distinction between traditional platforms (broadcasting, Internet and telephony) is fading rapidly. For instance, the Internet, through wired and mobile devices, is becoming an important broadcasting and distribution platform. In addition, mobile operators, with the development of their respective 4G and Long Term Evolution (also known as "**LTE**") networks, are now offering wireless and fixed wireless Internet services. In addition, our VoIP telephony service also competes with Internet-based solutions.

In our Internet access business, we compete against other Internet service providers (or "**ISPs**") offering residential and commercial Internet access services as well as WiMAX 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 comparable download speeds to ours. In addition, satellite operators such as Xplornet are increasing their existing high-speed Internet access ("**HSIA**") 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. The CRTC also requires cable and ILEC network providers, including ourselves, to offer wholesale access to our high-speed Internet systems to third party ISP competitors for the purpose of providing retail Internet access services. These third party ISP competitors may also provide telephony and networking applications.

Our cable telephony business has numerous competitors, including ILECs, competitive local exchange carriers (or "**CLECs**"), mobile telephony service operators and other providers of telephony, VoIP and Internet communications, including competitors that are not facility-based and therefore have a much lower infrastructure cost. In addition, Internet protocol-based ("**IP-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 and results of operation.

In our mobile telephony business, we compete against a mix of market participants, some of them active 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 or developing adjunct technologies, such as Wi-Fi, WiMax, "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 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 most of the incumbent carriers as well as at least one other new entrant) have launched lower-cost mobile telephony services in order to acquire additional market share. Also, we may not be able to compete successfully in the future against existing or potential competitors, and increased competition could have a material adverse effect on our business, prospects, revenues, financial condition and results of operations.

Finally, a few of our competitors are offering special discounts to customers who subscribe to two or more of their services (cable television or IPTV, Internet, residential phone and mobile telephony services). As a result, should we fail to keep our existing customers and lose them to such competitors, we may end up losing up to one subscriber for each of our services. This could have an adverse effect on our business, prospects, revenues, financial condition and results of operation.

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 (including Canada, the United States and Europe), 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, various aspects of mobile communication operations, including the ability of mobile providers to enter into interconnection agreements with traditional landline telephone companies and the ability of mobile providers to manage data traffic on their networks, are subject to regulation by the CRTC. Regulations adopted or actions taken by the government agencies having jurisdiction over any mobile business that we may develop could adversely affect our mobile business and operations, including actions that could increase competition or our costs.

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, we cannot be assured that we will continue to enjoy a good reputation nor can we be assured that events that are beyond our control will not cause our reputation to be negatively impacted. The loss or tarnishing of our reputation could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are using a technology for which only a limited offer of handsets is available, which could increase our customer acquisition costs and reduce our competitiveness.

Advanced wireless services ("**AWS**") in the 2GHz range is a spectrum that has not been broadly used until recently for mobile telephony. With the emerging use of AWS for LTE, devices available in AWS solely for an HSPA network are limited. Although numerous LTE devices have an AWS HSPA capability, these devices are in the high-end category. This could put pressure on our acquisition costs as well as impair our ability to compete with lower-end devices. In addition, the handsets available to us are sometimes subject to an exclusivity period which varies in length when they are released to market. If manufacturers continue to offer exclusivity on future products in Canada, this could potentially reduce the number of handsets available to us.

We are regularly required to make capital expenditures to remain technologically and economically competitive. We may not be able to obtain additional capital to implement our business strategies and make capital expenditures.

Our strategy of maintaining a leadership position in the suite of products and services we offer and launching new products and services requires capital investments in our network and infrastructure to support growth in our customer base and demands for increased bandwidth capacity and other services. In this regard, we have in the past required substantial capital for the upgrade, expansion and maintenance of our network and the launch and deployment of new or additional services. We expect that additional capital expenditures will continue to be required in the short and medium term in order to expand and maintain our systems and services, including expenditures relating to advancements in Internet access and high definition television ("**HDTV**"), as well as the cost of our mobile services infrastructure deployment.

The demand for wireless data services has been growing at unprecedented rates and 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 smartphones and Internet-only devices (e.g., high-usage data devices such as mobile Internet keys, tablets and electronic book readers); multimedia-rich services and applications; wireless competition; 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, if available and if economically reasonable, in order to address this increased demand. The ability to acquire additional spectrum (if needed) is dependent on the timing and the rules established by Industry Canada. If we are not successful in acquiring additional spectrum we may need on reasonable terms, it 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."

Developing our LTE network requires capital expenditures to remain competitive and to comply with our obligations under the agreement with our partner governing the joint built-out of our LTE network. In addition, we may be required to make further capital expenditures in the future on our LTE network to remain competitive in order to comply with our obligations. See also "Item 4. Information on the Corporation — History and Development of the Corporation." A geographical expansion of our LTE network may require us to incur significant costs and to make significant capital expenditures.

There can be no assurance that we will be able to generate or otherwise obtain the funds to finance any portion of these capital improvement programs, new strategies and services or other capital expenditure requirements, whether through cash from operations, additional borrowings or other sources. 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. Even if we are able to obtain adequate funding, the period of time required to upgrade our network could have a material adverse effect on our ability to successfully compete in the future. Moreover, additional investments in our business may not translate into incremental revenues, cash flows or profitability.

See also the risk factors "— We operate in highly competitive industries that are experiencing rapid technological developments, and our inability to compete successfully could have a material adverse effect on our business, prospects, revenues, financial condition and results of operations", "— We compete, and will continue to compete, with alternative technologies and we may be required to invest a significant amount of capital to address continuing technological

evolution and development" and "— Risks Relating to our Senior Notes and our Capital Structure — 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 need to support increasing costs in securing access to support structures needed for our cable network.

We require access to the support structures of hydroelectric and telephone utilities and need municipal rights of way to deploy our cable network. 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 of the major hydroelectric companies and all of the major telecommunications companies in our service territory. Our agreement with Hydro-Québec, the most significant of them, expired in December 2012. Negotiations are under way toward renewing this agreement. An increase in rates charged by Hydro-Québec could have a significant impact on Videotron's cost structure.

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 multi-platform 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, maintaining our advanced broadband network, pursuing enhanced content development to reduce costs, further integrating the operations of our subsidiaries, leveraging geographic clustering and maximizing customer satisfaction. We may not be able to fully implement these strategies or realize their anticipated results without incurring significant costs or not implement them at all. 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 ongoing operating costs, regulatory developments, general or local economic conditions, increased competition, technological changes and other factors described in this "Risk Factors" section. While the centralization of certain business operations and processes has the advantage of standardizing our practices, thereby reducing costs and increasing effectiveness, it also represents a risk in itself should a business solution implemented by a centralized office throughout the organization fail to produce the intended results. We may also be required to make capital expenditures or other investments, that may affect our ability to implement our business strategies if we are unable to secure additional financing on acceptable terms or to generate sufficient funds internally to cover those requirements. Any material failure to implement our strategies could have a material 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 expenditures in the future. We can provide no assurance that we will be successful in developing new activities in relation to these new engagements, including the development of new revenue sources.

We could be adversely impacted by consumers' switch from landline telephony to mobile telephony.

The recent trend toward mobile substitution or "cord-cutting" (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 and the various unlimited offers launched by mobile operators. We may not be successful in converting our existing cable telephony subscriber base to our mobile telephony services, which could have a material adverse effect on our business, financial condition, prospects and results of operations.

We could be adversely affected by the rapid growth of traffic volumes on the Internet.

Internet users are downloading an increasing amount of data each year and households are now connected to the Internet through a combination of several computers, tablets and other mobile devices, leading to simultaneous flows per home, which constitutes a departure from the past, when a majority of households were connected to the Internet through a single computer. In addition, some content on the Internet, such as videos, is now available at a higher bandwidth for which high definition, as opposed to standard definition, is gradually becoming the norm. There has therefore been an increase in data consumption and an intensification of Internet traffic during peak periods, which calls for increased bandwidth capacity to address the needs of our customers.

Equipment costs are under pressure in an effort to counterbalance customers' demand for bandwidth. While we can relay some of this pressure on costs to our manufacturers, adopt new technologies that allow cost reduction and implement other cost reduction initiatives, our inability to fully meet our increasing need for bandwidth may result in price hikes or in reduced profitability.

We compete, and will continue to compete, with alternative technologies and we may be required to invest a significant amount of capital to address continuing technological evolution and development.

The media industry is experiencing rapid and significant technological changes, which have resulted in alternative means of program and content transmission. The continued growth of the Internet has presented alternative content distribution options that compete with traditional media. Furthermore, in each of our broadcasting markets, industry regulators have authorized DTH, microwave services and VDSL services and may authorize other alternative methods of transmitting television and other content with improved speed and quality. We may not be able to successfully compete with existing or newly developed alternative technologies, such as IPTV, or we may be required to acquire, develop or integrate new technologies. The cost of the acquisition, development or implementation of new technologies could be significant and our ability to fund such 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 or results of operations.

The continuous technological improvements to the Internet, combined with higher download speeds and cost reductions for customers, may divert a portion of our existing television subscriber base from our video-on-demand services to new video-over-the-Internet model. While having a positive impact on the demand for our Internet services, video-over-the-Internet could adversely impact the demand for our video-on-demand services.

We have grown rapidly and are seeking to continue our growth. 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 in recent years. We have sought in the past, and may, in the future, seek to make opportunistic or strategic acquisitions and 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 acquisition or business expansion.

In addition, our expansion and acquisitions 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, financial condition, prospects or results of operations. Furthermore, if we are not successful in managing and integrating any acquired businesses, or if we are required to incur significant or unforeseen costs, our business, results of operations and financial condition could be adversely affected.

We depend on key personnel.

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, financial condition or results of operations. In addition, in order to implement and manage our businesses and operating strategies effectively, we must sustain a high level of efficiency and performance and maintain content quality, we must 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 financial performance could be materially adversely affected if we cannot continue to distribute a wide range of television programming on commercially reasonable terms.

The financial performance of our cable and mobile services depends in large part on our ability to distribute a wide range of appealing, conveniently-scheduled television programming at reasonable rates. 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. The quality and amount of television programming we offer affect the attractiveness of our services to customers and, accordingly, the rates we can charge for these services. 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-through rate increases to our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, our ability to attract and retain cable customers depends, to a certain extent, on our capacity to offer quality content, high-definition programming, an appealing variety of programming choices and packages, as well as multiplatform distribution and on-demand content, at competitive prices. If the number of specialty channels being offered does not increase at the level and pace comparable to our competitors, if the content offered on such channels does not receive audience acceptance, or if we are unable to offer multiplatform availability, high definition programming and on-demand content, for capacity reasons among others, this may have a negative impact on revenues from our cable operations.

The multiplication of foreign and deregulated content providers (often global players on the Internet) puts pressure on the viability of our current business model for television distribution. Substantial capital expenditures on our infrastructure and in our research and development may be required to remain competitive in the current market.

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

We provide our digital television, Internet access and cable telephony services through a primary headend and our analog television services through twelve additional regional headends in our single clustered network. Despite available emergency backup or replacement sites, a failure in our primary headends, including exogenous threats, such as 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 network until the failure has been resolved, which may result in significant customer dissatisfaction, loss of revenues and potential civil litigation.

We are dependent upon our information technology systems and those of certain third-parties. The inability to enhance our systems, or to protect them from a security breach or disaster, 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. 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 and manage operating expenses, all of which could adversely impact our financial results and position. In addition, although we use industry standard networks and established information technology security and survivability/disaster recovery practices, a security breach or disaster or a violation of our Internet security could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

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.

In our cable, Internet access and telephony business, 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 network, analog and digital programming, and our Internet access services. We use encryption technology to protect our cable signals 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 network, 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 significant remediation costs and legal claims.

Malicious and abusive Internet practices could impair our cable data services.

Our cable data customers utilize our network 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 network and our customers, including deterioration of service, excessive call volume to call centres

and damage to our customers' equipment and data or ours. Significant incidents could lead to customer dissatisfaction and, ultimately, to loss of customers or revenues, in addition to increased costs to service our customers and protect our network. Any significant loss of cable data, customers or revenue, or a significant increase in the costs of serving those customers could adversely affect our reputation, growth, business, prospects, financial condition and results of operations.

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

We depend on third-party suppliers and providers for certain services, hardware and equipment that are critical to our operations and network evolution. These materials and services include set-top boxes, mobile telephony handsets and network equipment, cable and telephony modems, servers and routers, fibre-optic cable, telephony switches, inter-city links, support structures, software, the "backbone" telecommunications network for our Internet access and telephony services, and construction services for expansion and upgrades of our cable and mobile networks. These services and equipment are available from a limited number of suppliers and therefore we face the risks of supplier disruption, including business difficulties, restructuring or supply-chain issues. If no supplier can provide us with the equipment or 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. See also the risk factor "— We are using a technology for which only a limited offer of handsets is available, which could increase our customer acquisition costs and reduce our competitiveness".

We may be adversely affected by litigation and other claims.

In the normal course, we are involved in various legal proceedings and other claims relating to the conduct of our business. 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 position, a negative outcome in respect of any such claim or litigation could have such an adverse effect. Moreover, the cost of defending against lawsuits and diversion of management's attention could be significant. See also "Item 8. Financial Information – Legal Proceedings" in this annual report.

We may be adversely affected by strikes and other labour protests.

As of December 31, 2013, approximately 61% of our employees are unionized, and the terms of their employment are governed by one of our five regional collective bargaining agreements.

One of our collective bargaining agreements for the region of Montreal is currently being negotiated. However, we are not currently subject to a 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 provide any assurance 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 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.

We could be impacted by increased pension plan liabilities.

The economic cycle and employee demographics 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 position. 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 fund. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. This risk is mitigated by

policies and procedures instituted by us and our pension committees to monitor investment risk and pension plan funding. It is also mitigated by the fact that some of the Corporation's defined benefit pension plans are no longer offered to new employees.

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 and cable modems, mobile devices (handsets) and certain capital expenditures, including certain costs related to the development and maintenance of our mobile network, are paid in U.S. dollars. Also, a substantial portion of our debt is denominated in U.S. dollars, and interest, principal and premium, if any, is 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. Although we have entered into transactions to hedge the exchange rate risk with respect to our U.S. dollar-denominated debt outstanding at December 31, 2013, 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 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.

In addition, certain cross-currency interest rate swaps entered into by Videotron and its parent corporation include an option that allows each party to unwind the transaction on a specific date at the then fair value.

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, 2013, the net aggregate fair value of our cross-currency interest rate swaps and foreign-exchange forward contracts was in a net liability position of $163.9 million on a consolidated basis. See also "Item 11. Quantitative and Qualitative Disclosures About Market Risk" of this annual report.

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 over the last several years, 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 in the capital and credit markets have also resulted in higher interest rates or greater credit spreads on issuance of debt securities and increased costs under credit facilities. Disruptions 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.

Longer-term volatility and disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect our access to the liquidity and the affordability of funding needed for our businesses in the longer term. Such disruptions could require us to take measures to conserve cash until the 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 position 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 International Financial Reporting Standard (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.

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, financial condition, prospects and results of operations.

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. There are significant restrictions on the ability of non-Canadian entities to own or control broadcasting licenses and telecommunications carriers in Canada, although the federal government recently eliminated the foreign ownership restrictions on telecommunications companies with less than 10 percent of total Canadian telecommunications market revenues. 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. For instance, the CRTC recently adopted a new Wireless Code which regulates numerous aspects of the provision of retail wireless services. 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 Industry Canada.

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. For a more extensive description of the regulatory environment affecting our business, see "Item 4. Information on the Corporation – Regulation".

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 a material adverse effect on our business (including how we provide products and services), financial condition, prospects and results of operations. 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. On December 18, 2013 the Minister of Industry (Canada) announced the government's intention to adopt legislation that would, among other things, amend the Telecommunications Act and the Radiocommunication Act to give the CRTC and Industry Canada the power to impose monetary sanctions for failure to comply with current regulations. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which any changes might adversely affect us.

Industry Canada may not renew our AWS licenses on acceptable terms, or at all.

Our AWS licenses were issued in December 2008 for a 10-year term. At least two years before the end of this term, and any subsequent term, we may apply for a renewed license for a term of up to 10 years. AWS license renewal, including whether license fees should apply for a subsequent license term, will be subject to a public consultation process initiated in the eighth year of the license.

We are required to provide third-party ISPs with access to our cable systems, which may result in increased competition.

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. Several third-party ISPs are interconnected to our cable network and are thereby providing retail Internet access services.

The CRTC also requires large cable carriers, such as us, to allow third party ISPs to provide telephony and networking (LAN/VPN) applications in addition to retail Internet access services. As a result of these requirements, we may experience increased competition for retail cable Internet and residential telephony customers. In addition, because our third-party Internet access rates are regulated by the CRTC, we could be limited in our ability to recover our costs associated with providing this access.

We are subject to a variety of environmental laws and regulations.

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, 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 recently 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.

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.

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

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. 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 safety requirements. While 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 we cannot be sure that the results of any such future studies will not demonstrate a link between radiofrequency emissions and health problems.

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 expose us to potential litigation. Any of these could have a material adverse effect on our business, prospects, revenues, financial condition and results of operations.

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, 2013, we had $2.4 billion of consolidated long-term debt (excluding Quebecor Media subordinated loans). 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, 2013, we had approximately $575.0 million available for additional borrowings under our existing credit facilities on a consolidated basis (not taking into account a letter of credit issued in 2013 as a pre-auction financial deposit made to Industry Canada), and the indentures governing our outstanding Senior Notes 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 and regarding the issuance of a letter of credit to Industry Canada, refer to Notes 18 and 28 to our audited consolidated financial statements for the year ended December 31, 2013 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 senior secured 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:

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

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 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 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 our Senior Notes, the interest of securities dealers in making a market in our Senior Notes, 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 senior secured credit facilities may not allow the repurchases.

If we experience certain change of control events, as specified 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 senior secured credit facilities. Any future credit agreement or other agreements relating to our senior 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 future senior 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) 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 *Bankruptcy and Insolvency Act* (Canada) 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 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 notes by prospectus in Canada, and, accordingly, the notes remain subject to restrictions on resale and transfer in Canada. 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 notes), to accept service of process in any suit, action or proceeding with respect to the indentures or such 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 notes. The notes are effectively subordinated to any borrowings under our senior secured credit facilities. In addition, our senior secured credit facilities and the respective indentures governing our Senior Notes and the notes permit us to incur additional secured indebtedness in the future, which could be significant.

We are controlled by Quebecor Media and its interests may differ from those of holders of the notes.

All of our issued and outstanding common shares are held by Quebecor Media. As a result, Quebecor Media controls our policies and operations. The interests of Quebecor Media, as our sole common shareholder, may conflict with the interests of the holders of our outstanding notes. In addition, actions taken by Quebecor Media, as well as its financial condition, matters over which we have no control, may affect us.

Also, Quebecor Media is a holding company with no significant assets other than its equity interests in its subsidiaries. Its principal source of cash needed to pay its own obligations is the cash that we and other subsidiaries generate from operations and borrowings. We have the ability to pay significant dividends under the terms of our indebtedness and applicable law and currently expect to make distributions to our shareholder in the future, subject to the terms of our indebtedness and applicable law. See "Item 8. Financial Information — Dividend Policy" elsewhere in this annual report.

ITEM 4 – INFORMATION ON THE CORPORATION

A- History and Development of the Corporation

We were founded on September 1, 1989 as part of the amalgamation of our two predecessor companies, namely Videotron Ltd. and Télé-Câble St-Damien inc., under Part IA of the *Companies Act* (Québec) (since February 14, 2011, the *Business Corporations Act* (Québec)). On October 23, 2000, we were acquired by Quebecor Media.

Our registered office is located at 612 St-Jacques Street, Montréal, Québec, Canada H3C 4M8, and our telephone number is (514) 281-1232. Our corporate website may be accessed through the URL *http://www.videotron.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 Senior Notes due 2020, 2021 and 2025) is CT Corporation System, 111 Eighth Avenue, New York, New York 10011.

Since December 31, 2010, we have undertaken and/or completed several capital expenditures, business development projects and transactions, including, among others, the following:

- On February 19, 2014, Industry Canada announced that we are the winner of seven spectrum licenses in the recently concluded auction of mobile frequencies in the 700 MHz band (the "**2014 Auction**"). These licenses consist of a single paired 5+5 MHz frequency block in the upper 700 MHz band over a geographic territory which encompasses the provinces of Quebec, Ontario (excluding the region of Northern Ontario), Alberta and British Columbia, for a total covered population of more than 28 million persons or 80% of Canada's population. The aggregate price for the seven licenses acquired by us under the 2014 Auction is $233.3 million.
- We have continued to actively pursue the roll-out of our 4G network. As of December 31, 2013, our mobile telephony services were available to more than 7.3 million people across the Province of Québec and in Eastern Ontario. During 2013, we activated 100,695 net new lines on our advanced mobile network at a pace of approximately 8,391 net new lines per month, bringing our total mobile customer base to 503,331 activated lines.
- On June 17, 2013, we announced the closing of the offering and sale of 5 5/8% Senior Notes, maturing on June 15, 2025, in the aggregate principal amount of $400.0 million for net proceeds of $394.8 million (net of financing expenses). The proceeds of this offering were used on July 2, 2013 to finance the early redemption and withdrawal of US$380.0 million aggregate principal amount of our outstanding 9 1/8% Senior Notes, issued on April 15, 2008 and maturing in April 2018 and to settle the related hedging contracts.

- In June 2013, we amended our $575.0 million secured revolving credit facility to extend the maturity date to July 2018 and to amend some of its terms and conditions.
- On May 31, 2013, we sold our specialized web sites Jobboom and Réseau Contact to our parent corporation Quebecor Media for a total consideration of $65.0 million. On the same day, Quebecor Media announced that Mediagrif Interactive Technologies ("**Mediagrif**") and Quebecor Media reached a definitive agreement pursuant to which Mediagrif acquired Jobboom on June 1, 2013, and agreed to acquire Réseau Contact. The acquisition of Réseau Contact was completed on November 29, 2013.
- On May 29, 2013, we announced an agreement with Rogers Communications Partnership ("**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**"). We will maintain our business independence, including product and service portfolios, billing systems and customer data. As part of the Rogers LTE Agreement, we will provide each other with services for which we will receive $93.0 million and Rogers will receive $200.0 million, payable over a period of 10 years. In addition to the LTE network build-out and sharing agreement, we have also come to an agreement with Rogers regarding our unused AWS spectrum in the Greater Toronto Area. We have the option to transfer our Toronto spectrum license to Rogers, subject to regulatory approvals, beginning January 1, 2014, for an aggregate consideration of $180.0 million.
- On March 14, 2012, we issued US$800.0 million aggregate principal amount of our 5% Senior Notes due 2022 for net proceeds of $787.6 million (net of financing expenses). We used the proceeds to repurchase and retire all US$395.0 million aggregate principal amount of our outstanding 6 7/8% Senior Notes due 2014, to fully repay the borrowings under our revolving credit facility, to pay related fees and expenses and the remainder for general corporate purposes.
- On July 5, 2011, we issued $300.0 million aggregate principal amount of our 6 7/8% Senior Notes due 2021 for net proceeds of $294.8 million (net of financing expenses). We used the net proceeds to redeem and retire US$255.0 million in aggregate principal amount of our issued and outstanding 6 7/8% senior notes due 2014 and to settle related hedging contracts.

B- Business Overview

Overview

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 services in the Province of Québec. Our cable network covers approximately 79% of the Province of Québec's approximately 3.5 million residential and commercial premises. The deployment of our 4G network and our enhanced offering of mobile communication services for residential and business customers allow us to consolidate our position as a provider of integrated telecommunication services.

Videotron Business Solutions is a premier full-service telecommunications provider serving small, medium and large size companies as well as telecommunication carriers. In recent years, we have significantly grown our customer base and have become an important player in the business telecommunication segment in the Province of Québec. Products and services include Internet, television, telephony, mobile services and business solutions products such as hosting, private network connectivity, WIFI and audio and video transmission.

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 areas we serve. Our extensive proprietary and third-party retail distribution network of stores and points of sale assist 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.

Differentiated Bundled Services

Through our technologically advanced fixed and mobile network, we offer a differentiated, bundled suite of entertainment, information and communication services and products, including digital television, cable Internet access, video-on-demand 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 that enables our customers to download data at a higher speed than currently offered by standard digital subscriber line or DSL technology. We also offer the widest range of French-language programming in Canada including content from our illico-on-Demand service available on our illico Digital TV, illico.tv and illico mobile platforms. Customers can interrupt and resume programming at will on any of these three illico platforms.

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 on the same media, such as digital television, video-on-demand, 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 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 79% 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 illico TV new generation, 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, telecommunications and technology. Under the leadership of our senior management team, we have, among other things, improved penetration of our HSIA offering, our VoIP telephony services, our cable products and our mobile telephony services, including through the successful build-out and launch of our mobile telephony network.

Products and Services

We currently offer our customers cable services, mobile telephony services and business telecommunications services.

Cable Services

i. Advanced Cable-Based Products and Services

Cable's 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 television, cable telephony and selected interactive services. In 2012, we launched illico TV new generation, offering a new interface with entirely redesigned ergonomics for fluid, intuitive navigation, as well as additional value-added features. We intend to continue to develop and deploy additional value-added services to further broaden our service offering.

- *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 60 Mbps and in some portions of the network up to 200 Mbps. As of December 31, 2013, we had 1,418,338 cable Internet access customers, representing 77.7% of our basic customers and 51.7% of our total homes passed. Based on internal estimates, we are the largest provider of Internet access services in the areas we serve with an estimated market share of 55.5% as of December 31, 2013.
- *Digital Television.* We have installed headend equipment through an optical fibre network capable of delivering digitally encoded transmissions to a two-way digital set-top box in the customer's home and premises. This digital connection provides significant advantages. In particular, it increases channel capacity, which allows us to increase both programming and service offerings while providing increased flexibility in packaging our services and a high definition quality. All of our television packages include 52 basic television channels, audio services providing CD-quality music, 21 AM/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 more than 300 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, 2013, we had 1,531,361 customers for our digital television service, representing 83.9% of our total basic customers and 55.8% of our total homes passed.
- *Cable Telephony.* We offer cable telephony service using VoIP technology. We offer discounts to our customers who subscribe to more than one of our services. As of December 31, 2013, we had 1,286,070 subscribers to our cable telephony service, representing a penetration rate of 70.5% of our basic cable subscribers and 46.9% of our homes passed.
- *Video-On-Demand.* Video-on-demand service enables digital cable customers to rent content from a library of movies, documentaries and other programming through their digital set-top box, Internet access or mobile phone, respectively, through illico web and illico mobile. Our digital cable customers are able to rent their video-on-demand selections for a period of up to 24 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 now resume viewing on-demand programming that was paused on either the television, illico web or illico mobile. We sometimes group movies, events or TV programs available on video-on-demand and offer them, when available, for a period of seven days. We also offer a substantial amount of video-on-demand content free of charge to our digital cable customers, comprised predominantly of previously aired television programs and youth-oriented programming. In March of 2013, we introduced Club Unlimited, a flat-fee plan offering a rich and varied selection of unlimited, on-demand content (movies, television shows, children's shows, documentaries, comedy performances and concerts). In addition, we offer pay television channels on a subscription basis that permits our customers to access and watch most of the movies available on the linear pay TV channels these customers subscribe to.
- *Pay-Per-View* (Indigo). Indigo is a group of pay-per-view channels that allows our digital customers to order live events and movies based on a pre-determined schedule.

ii. Traditional Cable Television Services

Customers subscribing to our traditional analog "basic" and analog "extended basic" services generally receive a line-up of 42 channels of television programming, depending on the bandwidth capacity of their local cable system. We are no longer offering this service to new customers.

As of December 31, 2013, we had 293,720 customers for our analog television service, representing 16.1% of our total basic customers.

Mobile Services

On September 9, 2010, we launched our High Speed Packet Access ("**HSPA+**") mobile communication network (4G). As of December 31, 2013, most households and businesses on our cable footprint had access to our advanced mobile services. Prior to launching our HSPA+ network, we had been offering mobile wireless telephony services as a Mobile Virtual Network Operator ("**MVNO**") since 2006. As of December 31, 2013, there were 503,331 lines activated on our mobile telephony services, representing a year-over-year increase of 100,695 lines (25.0%).

Under an arrangement with Industry Canada, we launched fixed wireless Internet access in selected rural areas of the Province of Québec in December 2011. Powered by our HSPA+ network, this service allows thousands of households and businesses that had no access to high speed cable Internet to benefit from a reliable and professionally installed high speed Internet. As a result, we extended our residential and business Internet footprint to dozens of underserved municipalities across the Province of Québec.

Also, as per the outcome of the Rogers LTE Agreement, we signed a 20-year agreement with Rogers to bring LTE to even more customers in the Province of Québec and the Ottawa region. Under this agreement, we will be in a position to build out and operate a shared LTE wireless network. This shared network will deliver an optimal user experience for consumers and businesses. It will also deliver capital and operating savings, allowing us to reinvest in our customers and networks. We will maintain our business independence throughout this agreement, including our product and service portfolios, billing systems and customer data.

In the 2014 Auction, we 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, for a total covered population of more than 28 million persons. The 700 MHz band presents certain superior propagation characteristics and benefits from well-developed LTE equipment and device ecosystems in North America. Ownership of the licenses acquired during the 2014 Auction enhances our ability to maintain a leading edge, high capacity wireless network in Québec and in the Ottawa region, and provides us with a number of options to maximize the value of our investment in the rest of Ontario, Alberta and British Columbia.

Business Telecommunications Services

Videotron Business Solutions is a premier full-service telecommunications provider, including mobile services. We serve small, medium and large-size businesses as well as telecommunications carriers. In recent years, we have significantly grown our customer base and have become an important player in the business telecommunications segment in the Province of Québec. We serve customers with dedicated sales and customer service teams with solid expertise in business services. Products and services for small and medium-sized businesses are supported by our coaxial technology, 4G network, and solid expertise in business services and customized solutions designed to meet larger businesses and carriers' needs are offered. There is a wide range of products available, including high speed Internet access, WIFI connectivity, television, telephony, mobile services and solutions, private network connectivity and audio and video transmission.

Customer Statistics Summary

The following table summarizes our customer statistics for our analog and digital cable and advanced products and services:

	As of December 31,				
	2013	2012	2011	2010	2009
Homes passed[1]	2,742,476	2,701,242	2,657,315	2,612,406	2,575,315
Cable					
Basic customers[2]	1,825,081	1,854,981	1,861,477	1,811,570	1,777,025
Penetration[3]	66.5%	68.7%	70.1%	69.3%	69.0%
Digital customers	1,531,361	1,484,589	1,400,814	1,219,599	1,084,100
Penetration[4]	83.9%	80.0%	75.3%	67.3%	61.0%
Internet Over Wireless					
Internet over wireless customers	7,192	7,129	5,644	2,319	—

Cable Internet Access					
Cable modem customers	1,418,338	1,387,657	1,332,551	1,252,104	1,170,570
Penetration[3]	51.7%	51.4%	50.1%	47.9%	45.5%
Telephony Services					
Cable telephony customers	1,286,070	1,264,862	1,205,272	1,114,294	1,014,038
Penetration[3]	46.9%	46.8%	45.4%	42.7%	39.4%
Mobile telephony lines	503,331	402,636	290,578	136,111	82,813

(1) Homes passed means the number of residential premises, such as single dwelling units or multiple dwelling units, and commercial premises passed by the cable television distribution network in a given cable system service area in which the programming services are offered.
(2) Basic customers are customers who receive basic cable service in either the analog or digital mode.
(3) Represents customers as a percentage of total homes passed.
(4) Represents customers for the digital service as a percentage of basic cable customers.

Industry Overview

Cable Television Industry

i. Industry Data

Cable television has been available in Canada for more than 50 years and is a well-developed market. As of August 31, 2012, the most recent date for which data is available, there were approximately 8.7 million cable television customers in Canada. For the twelve months ended August 31, 2012 (the most recent data available), total industry revenue was estimated to be over $11.5 billion and is expected to grow in the future based on the fact that Canadian cable operators have aggressively upgraded their networks and broadened their offerings of products and services. The following table summarizes the most recent available annual key statistics for the Canadian and U.S. cable television industries.

	Twelve Months Ended August 31,					
	2012	2011	2010	2009	2008	CAGR[1]
	(Dollars in billions and basic cable customers in millions)					
Canada						
Industry Revenue[2]	$ 11.5	$ 10.9	$ 10.1	$ 9.2	$ 8.2	7.0%
Basic Cable Customers[2]	8.7	8.5	8.3	8.1	7.9	1.95%

	2012	2011	2010	2009	2008	CAGR[3]
	(US dollars in billions, homes passed and basic cable customers in millions)					
U.S.						
Industry Revenue	n/a	US$ 97.6	US$ 93.7	US$ 90.2	US$ 86.3	n/a
Homes Passed[4]	131.2	130.3	129.3	125.7	124.2	1.10%
Basic Cable Customers	56.8	58.0	59.8	62.6	63.7	-2.27%
Basic Penetration	43.7%	44.4%	45.5%	49.8%	51.3%	—

Source of Canadian data: CRTC.

Source of U.S. data: NCTA, A.C. Nielsen Media Research and SNL Kagan.

(1) Compounded Canadian annual growth rate from 2008 through 2012.
(2) Including IPTV.
(3) Compounded U.S. annual growth rate from 2008 through 2012.
(4) "Homes passed" means the number of residential premises, such as single dwelling units or multiple dwelling units, and commercial premises passed by the cable distribution network in a given cable system service area in which the programming services are offered.

Mobile Telephony Industry

In terms of wireless penetration rate (i.e., the number of active SIM cards and/or connected lines versus total population, expressed as a percentage), the Canadian mobile telephony market is relatively under-developed. As of December 31, 2012 (the most recent data available), the Province of Québec had a penetration rate under the Canadian average (66.8% vs. 78.4% according to the CRTC). As of September 30, 2013, incumbents were still dominant in the industry in Canada, with market share of approximately 90% in the Province of Québec, according to the CRTC.

With an increasing number of regional operators competing on price, coverage, handset offers and technological reliability, the Canadian wireless industry is highly competitive. With the deployment of Advanced Wireless Networks throughout the country and the increasing penetration rate among younger customers, the demand for technologically advanced bandwidth-hungry devices (smartphones, tablets, etc.) is increasing rapidly. As of September 30, 2013, there were more than 27 million subscribers in Canada.

Pricing of our Products and Services

Our revenues are derived from the monthly fees our customers pay for cable television, Internet and telephony and mobile services. 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, 2013, the average monthly invoice on recurring subscription fees per customer was $102.95 and approximately 80% 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 fees for rented equipment, such as set-top boxes, are also charged to customers.

Although our service offerings vary by market, because of differences in the bandwidth capacity of the cable systems in each of our markets and other factors, our services are typically offered at monthly price ranges, which reflect discounts for bundled service offerings.

Our Network Technology

Cable

As of December 31, 2013, our cable systems consisted of 31,088 km of fibre optic cable and 45,956 km of coaxial cable, passing approximately 2.7 million homes and serving approximately 2.2 million customers. Our network is the largest broadband network in the Province of Québec covering approximately 79% of households and, according to our estimates, more than 77% of the businesses located in the major metropolitan areas of the Province of Québec. Our extensive network supports direct connectivity with networks in Ontario, the Maritimes and the United States.

Our cable television networks are 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 over-the-air links, coaxial links or 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 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 and cable modems.

We have adopted the hybrid fibre coaxial ("**HFC**") network architecture as the standard for our ongoing system upgrades. HFC network architecture combines the use of both fibre optic and coaxial cables. Fibre optic cable has excellent broadband frequency characteristics, noise immunity and physical durability and can carry hundreds of video and data channels over extended distances. Coaxial cable is less expensive and 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. Traditionally, our system design provided for cells of approximately 500 homes each to be served by fibre-optic cable. To allow for this configuration, 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 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 of approximately 500 homes, which is critical to our advanced services, such as video-on-demand, Switched Digital Video Broadcast and the continued expansion of our interactive services. Starting in 2008, we began an extensive network modernization effort in the Greater Montréal Area in order to meet the ever expanding service needs of the customer in terms of video, telephony and Internet services. This ongoing modernization implies an extension of the upper limit of the RF spectrum available for service offerings and a deep fibre deployment, which significantly extends 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 results 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 (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 overall architecture employs Division Wavelength Multiplexing ("**DWM**"), which allows us to limit the amount of fibre required, while providing an effective customization potential. As such, in addition to the broadcast information, up to 24 wavelengths can be combined on a transport fibre from the secondary headend to a 3,000 home aggregation point. Each of these wavelengths is dedicated to the specific requirements of 125 homes. The RF spectrum is set with analog content (to be phased out eventually) and digital information using quadrature amplitude modulation. MPEG video compression techniques and the Data over Cable Service Interface Specification ("**DOCSIS**") protocol allow us to provide a great service offering of standard definition and high definition video, as well as complete voice and Internet services. This modernization project gives us flexibility to meet customer needs and future network evolution requirements. The modernization of the Greater-Montréal network is scheduled to be completed by 2017.

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. Approximately 99.7% of our network in the Province of Québec has been upgraded to a bandwidth of 750 MHz or greater. Also, in light of the greater availability of HDTV programming, the ever increasing speed of Internet access and increasing demand for our cable telephony service, further investment in the network will be required.

Mobile Telephony

During 2013, we continued our HSPA+ network expansion and densification plan throughout the Province of Québec and over the Greater Ottawa Area. As of December 31, 2013, our network reached approximately 89% of the population of the Province of Québec, allowing the vast majority of our potential clients to have access to our advanced mobile services. The majority of our towers and antennas are linked through our fibre-optic network using a multiple label switching—or MPLS—protocol, and our network was built and designed to support important customer growth in coming years.

With the introduction of a new technology called Dual-Carrier technology in August 2011, our HSPA+ mobile communication network (4G) allows data transmission speeds up to 42 Mbps.

Our strategy in the coming years is to build on our position as a telecommunication leader with our 4G mobile services and to keep the technology at the cutting edge as it continues to evolve rapidly and new market standards such as Long Term Evolution Advanced ("**LTE A**") are appearing. The Rogers LTE Agreement provides and allows Rogers and us to deploy radio network equipment independently while benefiting from a common network. Spectrum contribution by each of Rogers and us will allow us to exploit the LTE technology and to provide our subscribers with high throughput data connections. We also expect to continue to expand our offer of handset devices in 2014.

Marketing and Customer Care

Our long term marketing objective is to increase our cash flow through deeper market penetration of our services, develop new services and continue revenue growth per customer. We believe that customers will come to view their cable connection as the best distribution channel to the 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 revenue per user – or ARPU – customer retention and operating margins;
- continue to rapidly deploy advanced products on all our services – cable, Internet, telephony, content and mobile – to maintain and increase our leadership and offer competitive, mobile rate plans and products to gain additional market share;
- design product offers that provide greater opportunities for customer entertainment and information ;
- 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;
- 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, Archambault stores, and third-party commercial retailers;
- 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 ARPU and improve customer retention; and
- leverage our business market, using our network and expertise with our commercial customer base, to offer additional bundled services to our customers.

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, media advertising, e-marketing and direct mail solicitation.

Maximizing customer satisfaction is a key element of our business strategy. In support of our commitment to customer satisfaction, we are now offering 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.

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 TVA Group.

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, and the concentration of broadcasters following recent acquisitions in the market.

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 distribution platforms. In addition, mobile operators, with the development of their respective 4G networks, 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, Apple TV, DVD 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 than are available through competitive alternative delivery sources. Our introduction of Club Unlimited, a flat-fee plan offering a rich and varied selection of unlimited, on-demand content, aims to reduce the effect of competition from alternative delivery sources.
- *DSL.* The deployment of digital subscriber line technology ("**DSL**") 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 decreases 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 provided by the DSL technology. Fibre to the home ("**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. It provides speeds comparable to high speeds of cable-modem Internet access. Because of the cost involved with FTTH and FTTN, deployment of these technologies is progressive. The main competition for fixed-line Internet access comes from a provider of DSL and Fibre to the x (FTTx) services.
- *Internet Video Streaming.* The continuous technology improvement of the Internet, combined with higher download speeds, contributes to the emergence of alternative technologies such as IPTV digital content (movies, television shows and other video programming) offered on various Internet streaming platforms. While having a positive impact on the demand for our Internet services, this model could adversely impact the demand for our video-on-demand 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). Certain ILECs have already started replacing many

of their main feeds with fibre optic cable and 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 telephony services in our market. The Canadian incumbents have started the deployment of LTE A networks and this technology is deemed to become an industry standard. As per the Rogers LTE Agreement, we are currently deploying our LTE network and we plan to launch our LTE network in 2014.
- *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 multi-channel multipoint distribution systems, or MDS. 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 DBS 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 other telephone companies, including both the incumbent telephone service provider in the Province of Québec, which used to control a significant portion of the telephony market in the Province of Québec, and the other VoIP telephony service providers and mobile wireless telephone service providers.
- *Other Internet Service Providers.* In the Internet access business, cable operators compete against other Internet service providers offering residential and commercial Internet access 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.

C- Regulation

Foreign Ownership Restrictions Applicable under the Telecommunications Act

On June 29, 2012, the Government of Canada's omnibus budget implementation bill (C-38) received Royal Assent. Included in the bill were provisions to exempt telecommunications companies with less than 10% of total Canadian telecommunications market revenues from foreign investment restrictions under the Telecommunications Act. Companies that are successful in growing their market shares in excess of 10% of total Canadian telecommunications market revenues other than by way of merger or acquisition will continue to be exempt from the restrictions.

Ownership and Control of Canadian Broadcast Undertakings

The Governor in Council, through an Order-in-Council referred to as the Direction to the CRTC (*Ineligibility of Non-Canadians*), 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, means, among other things, a citizen or a permanent resident of Canada, a qualified corporation, a Canadian government, a non-share capital corporation of which a majority of the directors are appointed or designated by statute, regulation or specified governmental authorities, or a qualified mutual insurance company, qualified pension fund society or qualified cooperative of which not less than 80% of the directors or members are Canadian. A qualified corporation is one incorporated or continued in Canada, of which the chief executive officer (or if there is no chief executive officer, the person performing functions similar to those performed by a 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 in the Direction 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. We are a qualified Canadian corporation.

Regulations made under the Broadcasting Act require the prior approval of the CRTC for any transaction that directly or indirectly results in (i) a change in effective control of the licensee of a broadcasting distribution undertaking or a television programming undertaking (such as a conventional television station, network or pay or specialty undertaking service), (ii) a person or a person and its associates acquiring control of 30% or more of the voting interests of a licensee or of a person who has, directly or indirectly, effective control of a licensee, or (iii) a person or a person and its associates acquiring 50% or more of the issued common shares of the licensee or of a person who has direct or indirect effective control of a licensee. In addition, if any act, agreement or transaction results in a person or a person and its associates acquiring control of at least 20% but less than 30% of the voting interests of a licensee, or of a person who has, directly or indirectly, effective control of the licensee, the CRTC must be notified of the transaction. Similarly, if any act, agreement or transaction results in a person or a person and its associates acquiring control of 40% or more but less than 50% of the voting interests of a licensee, or a person who has directly or indirectly effective control of the licensee, the CRTC must be notified.

"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; and the common ownership of broadcasting distribution undertakings ("**BDUs**"). This Notice operates in tandem with the CRTC's other policies with respect to the common ownership of over-the-air ("**OTA**") 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. Where a person that controls a local radio station and a local television station acquires a local newspaper serving the same market, the CRTC will, at the earliest opportunity, require the licensee to explain why, in light of this policy, its radio or television license(s) should be renewed. 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

Our cable distribution undertakings 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 our undertakings are also subject to the Radiocommunication Act, which empowers Industry Canada to establish and administer the technical standards that networks and transmission 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.

Canadian Broadcasting Distribution (Cable Television)

Licensing of Canadian Broadcasting Distribution Undertakings

A cable distribution undertaking 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. We operate 52 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. Pursuant to Decision CRTC 2010-87, we remain with only 8 cable system licenses.

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 systems.

On November 27, 2013 the CRTC issued administrative renewals, until August 31, 2015, for the following cable distribution licenses: Gatineau and surrounding areas (Aylmer, Gatineau, Hull), Montreal, Montreal (West), Québec and Terrebonne.

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, Canadian television broadcasters are subject to “must carry” rules which require terrestrial distributors, like cable and MDS systems, to carry the signals of local television stations and, in some instances, 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 and enjoy advantageous channel placement. Furthermore, cable operators, DBS operators and MDS 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 and regional television stations, certain specialty channels and pay television channels, and a pay-per-view service, but does not include Category B and Category C digital services.

Broadcasting Distribution Regulations

The Broadcasting Distribution Regulations which came into force in 1998 (the "**1998 Regulations**"), apply to broadcasting distribution undertakings in Canada. The 1998 Regulations promote competition among broadcasting distribution undertakings and the development of new technologies for the distribution of such services while ensuring that quality Canadian programs are broadcast. The 1998 Regulations introduced important new rules, including the following:

- *Competition and Carriage Rules*. The 1998 Regulations provide equitable opportunities for all distributors of broadcasting services. Similar to the signal carriage and substitution requirements that are imposed on existing cable television systems, under the 1998 Regulations, new broadcasting distribution undertakings are also subject to carriage and substitution requirements. The 1998 Regulations 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 Substitution*. A significant aspect of television broadcasting in Canada is simultaneous program substitution, or simulcasting, a regulatory requirement under which Canadian distribution undertakings, such as cable television systems with over 2,000 customers and DTH satellite operators, are required to substitute the foreign programming service, with local Canadian signal, including Canadian commercials, for broadcasts of identical programs by a U.S. station when both programs are exhibited at the same time. These requirements are designed to protect the program rights that Canadian broadcasters acquire for their respective local markets.
- *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. Moreover, distributors were required to contribute 1.5% of their gross annual broadcast revenues to the Local Programming Improvement Fund (LPIF). However, following the public hearing to review the CRTC's policies and regulations relating to the LPIF, the CRTC published, on July 18, 2012, Broadcasting Regulatory Policy CRTC 2012-385 whereby the CRTC found that it would be inappropriate to maintain the LPIF in the long term. Therefore, in order to mitigate the effects of eliminating this source of funding for local stations, the CRTC will phase out the fund over the next two broadcast years. Specifically, the CRTC reduced the contribution rate from 1.5% to 1% for the 2012-2013 broadcast year. Moreover, the CRTC will, for the 2013-2014 broadcast year, reduce the contribution rate to 0.5%; and as of September 1, 2014, discontinue the LPIF. Further, the CRTC directed all licensed broadcasting distribution undertakings (BDUs) to file a report in order to describe the measures they have taken or will take, commencing September 1, 2012, to reduce subscriber bills by amounts corresponding to the reduction of the LPIF contribution, including evidence that they have notified subscribers concerning these reductions. Accordingly, Videotron filed its compliance report on September 17, 2012.
- *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. On September 3, 2002, the CRTC established a fee of $0.52 per customer per month for the use of cable inside wire in multiple-dwelling units. In Broadcasting Regulatory Policy CRTC 2011-774, the Commission found that it was appropriate to amend the Broadcasting Distribution Regulations to permit access by subscribers and competing broadcasting distribution undertakings 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. If the inside wire configuration resembles that in a multi-unit dwelling, the CRTC would expect that the established $0.52 per subscriber per month rate would be reasonable. If parties cannot come to an agreement, either party may apply to the CRTC for dispute resolution.

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 video-on-demand; and (c) installation and additional outlets charges.

The CRTC does not regulate the fees charged by non-cable broadcast distribution undertakings and does not regulate the fees charged by cable providers.

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 (to protect Canadians from losing a television service during negotiations, broadcasters must continue to provide the service in question and distributors must continue to offer it to their subscribers).

On July 26, 2012, the CRTC published Broadcasting Regulatory Policy CRTC 2012-407 and announced amendments to the Television Broadcasting Regulations, 1987, the Pay Television Regulations, 1990, the Specialty Services Regulations, 1990, and the Broadcasting Distribution Regulations. These amendments, related to the distribution of Category B services, the "no head start" rule, the prohibition against tied selling, the standstill provisions and dispute resolution provisions, implement determinations made by the CRTC in Regulatory framework relating to vertical integration, Broadcasting Regulatory Policy CRTC 2011-601, September 21, 2011.

On July 26, 2012, the CRTC published Broadcasting Order CRTC 2012-408. The CRTC amended the terms and conditions of the exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 subscribers. These amendments implement determinations made by the CRTC in Regulatory framework relating to vertical integration, Broadcasting Regulatory Policy CRTC 2011-601, September 21, 2011.

Pay-Per-View License

On October 23, 2013, the CRTC published a revised regulatory framework for pay-per-view services. The revised framework simplifies the Commission's policy and makes it more consistent with the regulatory framework for video-on-demand services, with which pay-per-view services compete. Indigo filed its request for license renewal on February 28, 2014.

New Media Broadcasting Undertakings

On October 22, 2009, the CRTC amended the Exemption Order applying to new media broadcasting undertakings (Appendix A to the Public Notice CRTC 1999-197). As such, the description of a "new media broadcasting undertaking" was amended to encompass all Internet-based and mobile point-to-point broadcasting services, to introduce an undue preference provision for new media broadcasting undertakings, and to introduce a reporting requirement for such undertakings (Broadcasting Order CRTC 2009-660).

On July 28, 2009, in Broadcasting Regulatory Policy CRTC 2009-329 entitled "Review of Broadcasting in New Media," the CRTC set out its determinations in its proceeding on Canadian broadcasting in new media. However, the CRTC did not determine the legal issue as to whether Internet access providers carry on, in whole or in part, "broadcasting undertakings" pursuant to the Broadcasting Act when they provide access to broadcasting through the Internet. Instead, the CRTC stated that it would refer the matter to the Federal Court of Appeal. Hence, the CRTC referred this question to the Federal Court of Appeal for hearing and determination in its Broadcasting Order CRTC 2009-452. On

July 7, 2010, the Federal Court of Appeal determined that ISPs play a "content-neutral role" in the transmission of data and do not carry on broadcasting activities. On February 9, 2012, the Supreme Court of Canada subsequently upheld the Federal Court of Appeal's decision.

On July 26, 2012, the CRTC amended the Exemption Order for new media broadcasting undertakings. 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 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.

Copyright Board Proceedings

Certain copyrights in radio, television, Internet and pay audio content are administered collectively by copyright societies according to tariffs set by the Copyright Board of Canada (the "**Copyright Board**"). Tariffs set 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.

Royalties for the Retransmission of Distant Signals

Following the implementation in 1989 of the Canada-U.S. Free Trade Agreement, the Copyright Act (Canada) was amended to require retransmitters, including Canadian cable television operators, to pay royalties in respect of the retransmission of distant television and radio signals.

Since this legislative amendment, the Copyright Act (Canada) empowers the Copyright Board to quantify the amount of royalties payable to retransmit these signals and to allocate them among collective societies representing the holders of copyright in the works thus retransmitted. Regulated cable television operators cannot automatically recover such paid retransmission royalties from their customers, although such charges might be a component of an application for a basic cable service rate increase based on economic need.

For the period 2009-2013, the royalties have been set to between $0.48 and $0.98 per customer per month depending on the number of customers receiving the signal. The new tariff has been homologated after negotiation between the industry and collectives. The collective societies are demanding substantive increases for 2014 onwards (more than 7%). The proposed tariff has been opposed.

Royalties for the Transmission of Pay and Specialty Services

In 1989, the Copyright Act (Canada) was amended, in particular, to define copyright as including the exclusive right to "communicate protected works to the public by telecommunication." Prior to the amendment, it was generally believed that copyright holders did not have an exclusive right to authorize the transmission of works carried on radio and television station signals when these signals were not broadcast but rather transmitted originally by cable television operators to their customers. In 1996, at the request of the Society of Composers, Authors and Music Publishers of

Canada ("**SOCAN**"), the Copyright Board approved Tariff 17A, which required the payment of royalties by broadcasting distribution undertakings, including cable television operators, that transmit musical works to their customers in the course of transmitting television services on a subscription basis. Through a series of industry agreements, this liability was shared with the pay and specialty programming services.

Royalties for Commercial Television and Specialty Services for Communication to the Public

Tariffs 2A and 17 of the SOCAN require the payment of a royalty to SOCAN by the commercial television stations and by the specialty services in compensation for the right to communicate to the public by telecommunication in Canada the musical works forming part of SOCAN's repertoire and contained in the audiovisual works broadcast. The tariffs represent a percentage of the gross income of the stations and services. In January 1998, the Copyright Board reduced the applicable rate from 2.1% to 1.9%, and fixed a "modified blanket license", allowing television stations to "withdraw" from the standard blanket license regarding certain broadcasts.

For the period from 2009 to 2013, SOCAN Tariffs 2A and 17 represent respectively 1.9% of the gross income of the relevant channels, according to the definitions of the applicable regulations, subject to the exceptions and special conditions of application of the Tariffs and to sharing of the fees related to Tariff 17 with the broadcasting distribution undertakings distributing the specialty channels. For the proposed Tariffs 2A and 17 of 2014, which included increases, the proposed rates have been opposed.

Webcasting of SOCAN's repertoire is governed by Tariff 22 D 1, which represents 1.9% of the gross income coming from this platform, subject to the exceptions and special conditions of application of the Tariff. The proposed increase for 2014 has been opposed.

Royalties for Pay Audio Services

The royalties payable by distribution undertakings for the communication to the public by telecommunication of musical works in SOCAN's repertoire in connection with the transmission of a pay audio signal other than retransmitted signals are as follows: a monthly fee of 12.35% of the affiliation payments payable by a distribution undertaking for the transmission for private or domestic use of a pay audio signal, or an annual fee of 6.175% of the affiliation payments payable where the distribution undertaking is a small cable transmission system, an unscrambled low power or very low power television station or an equivalent small transmission system. SOCAN has filed a proposed Pay Audio Tariff for the years 2008 through 2014 that proposes to maintain those rates.

For its part, Re: Sound filed a proposed Pay Audio Tariff for the period 2012-2014 asking for a monthly fee of 15% of the affiliation payments payable by a distribution undertaking for the transmission for private or domestic use of a pay audio signal, or an annual fee of 7.5% of the affiliation payments payable where the distribution undertaking is a small cable transmission system, an unscrambled low power or very low power television station or an equivalent small transmission system. The proposed rates have been opposed.

Royalties for Ringtones

Since 2006, we sell ringtones directly to cellular phone users. After negotiating a proposed increase, SOCAN and the industry, including Videotron, came to an agreement on a new Tariff 24 for the period July 1, 2006 to and including the year 2013, the rate is 6% with a minimum royalty of six cents for the period 2006 to 2009, and 5% with a minimum royalty of five cents for the period 2009 to and including 2013.

In July 2012, the Supreme Court of Canada issued decisions in five copyright cases in which the court ruled that songwriters and music publishers (represented by SOCAN) are not entitled to royalties for certain downloads and samples. Pursuant to those rulings, the industry has filed a lawsuit seeking a refund of the royalties paid and the annulment of Tariff 24. It is expected that this matter will continue to be litigated.

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 (Canada) received royal assent. The amendments clarify ISPs' liability by putting in place a notice and notice process (i.e., copyright infringement notices must now be sent to the Internet end-users by ISPs).

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, we operate as a CLEC and a Broadcast Carrier. We also operate our own 4G mobile wireless network and offer 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 Industry Canada 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.

Our AWS licenses were issued on December 23, 2008, for a term of ten years. At a minimum of two years before the end of this term, and any subsequent terms, we may apply for license renewal for an additional license term of up to ten years. AWS license renewal, including whether license fees should apply for a subsequent license term, will be subject to a public consultation process initiated in year eight. Our 700 MHz licenses, for which we were declared the provisional auction winner on February 19, 2014, will have a term of 20 years, beginning on the date at which we have completed payment and eligibility documentation requirements. 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 the Minister of Industry Canada following a public consultation.

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 we are 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; 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 we provide service; and the payment of contribution on VoIP revenues for the purposes of the revenue-based contribution regime established by the CRTC to subsidize residential telephone services in rural and remote parts of Canada.

As a CLEC, we are 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. Our ILEC

competitors have requested and been granted forbearance from regulation of local exchange services in the vast majority of residential markets in which we compete, as well as in a large number of business markets, including all of the largest metropolitan markets in the Province of Québec.

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 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 structure of hydro-electricity utilities. Terms of access to the support structures of hydro-electricity utilities must therefore be negotiated with those utilities.

We have 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. Our agreement with Hydro-Québec, the most significant of them, expired in December 2012. Negotiations are under way toward renewing this agreement.

On December 2, 2010, the CRTC issued a decision revising the large ILECs' support structure service rates. Significant increases in rates, retroactive to mid-2009, were approved for some categories of support structures in our operating territory. However, radical changes in rating methodology were rejected. A follow-on proceeding and related negotiations also resulted in users of support structures, including Videotron, agreeing to pay for the use of ancillary structures, namely service poles. We do not expect these changes to have a material impact on our network cost structure.

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 "**Ledcor Decision**"), the Commission 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 23, 2011, the CRTC initiated a public proceeding to consider the development of a model agreement for access by Canadian carriers to municipal rights-of-way, such as street crossings and other municipal property. As part of this proceeding, an *ad hoc* working group, including representatives from Canadian municipalities and the telecommunication industry, was tasked with developing a model agreement based on the principles established in the Ledcor Decision.

On November 21, 2013, the CRTC issued its ruling in this proceeding in the form of Telecom Decision CRTC 2013-618. This ruling approved a partial model agreement incorporating consensus recommendations from the *ad hoc* working group on matters such as the use of rights-of-way, permitting practices and the manner of work. At the same time, the Commission declined to rule on a series of non-consensus items including the treatment of incorrectly located equipment, indemnification clauses, the definition of causal costs and the reimbursement of collocation costs. In declining to rule on these items, the CRTC stated its expectation that they be negotiated between individual carriers and municipalities. Should negotiations fail, the Commission retains the power to resolve disputes.

We have outstanding disputes with several Québec municipalities related to the use of municipal rights-of-way. Should these disputes not be resolved to the mutual satisfaction of the parties, and should they be referred to the CRTC for resolution, the outcome of which could have a material impact on Videotron's costs for municipal access for its wireline facilities.

Access by Third Parties to Cable Networks

In Canada, access to the Internet is a telecommunications service. While Internet access services are not regulated on a retail (price and terms of service) basis, Internet access for third-party ISPs is mandated and tariffed according to conditions approved by the CRTC for cable operators.

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. In a decision issued on August 30, 2010, the CRTC reaffirmed the network model underlying the cable operators' third-party Internet access (or "**TPIA**") services, and also reaffirmed its directive that, at the same time we offer any new retail Internet service speed, we file proposed revisions to our TPIA tariff to include this new speed offering. TPIA tariff items have been filed and approved for all our Internet service speeds. Several 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. The CRTC has also approved technical solutions for the provision of static IP addresses under TPIA.

In a decision dated November 15, 2011, the CRTC made substantial changes to the practices that may be employed by incumbent telephone companies and cable operators to bill third parties for the access to and use of their underlying networks. The objective of these changes was to grant third parties greater flexibility to bring pricing discipline, innovation and consumer choice to the retail Internet service market. The new rules, which entered into force on February 1, 2012, required Videotron to replace its former end-user usage-based billing model by a new aggregate capacity-based billing model, for the vast majority of Videotron's third party customers. On February 21, 2013, the CRTC ruled on a series of disputes related to the new wholesale regime. These rulings did not fundamentally alter the nature of the new regime.

In a notice of consultation issued on October 15, 2013, the CRTC initiated a comprehensive review of wholesale services and associated policies. Among the issues to be considered in this proceeding are whether to extend mandatory wholesale high-speed access services to include fibre-to-the-premises (FTTP) services, or alternatively whether the Commission should forbear from regulating any existing wholesale services, as well as the approaches and principles the Commission relies on to set rates for wholesale services. A public hearing on these matters is scheduled to begin on November 24, 2014 and a ruling is expected by April 2015. As a result of this proceeding, we may experience increased competition for retail cable Internet and telephony customers. In addition, because our third-party Internet access rates are regulated by the CRTC, we could be limited in our ability to recover our costs associated with providing this access.

Internet Traffic Management Practices

On October 21, 2009, the CRTC issued a regulatory policy regarding the Internet traffic management practices (ITMPs) of ISPs. The policy attempts to balance the freedom of Canadians to use the Internet for various purposes with the legitimate interests of ISPs to manage the traffic thus generated on their networks, consistent with legislation, including privacy legislation. Among other things, the policy sets rules for ensuring transparency in the use of economic and technical ITMPs, and establishes an ITMP framework that provides a structured approach to evaluating whether existing and future ITMPs are in compliance with the prohibition on unjust discrimination (e.g. as against specific applications or content) found in the Telecommunications Act. Specific rules are also established to ensure that wholesale customers are not subjected to unjust discrimination.

On June 30, 2010, the CRTC determined that the policy framework regarding ITMPs applies to the use of mobile wireless data services to provide Internet access.

While we consider our current ITMPs to be fully compliant with the policy, we note that the policy may limit the range of ITMPs we could choose in the future, thereby potentially constraining our ability to recover our costs associated with providing access to our network.

Regulatory Framework for Mobile Wireless Services

On March 14, 2012, the Government of Canada announced its policy framework for the auction of spectrum in the 700 MHz and 2500 MHz bands, both of which are considered attractive candidates for the deployment of LTE A mobile wireless technology. The policy framework includes several measures intended to sustain competition and robust investment in wireless telecommunications and promote the timely availability of advanced services, including:

- Foreign investment restrictions have been lifted for companies that initially have a market share of less than 10% of the Canadian telecommunications market.

- Spectrum caps will be employed in both the 700 MHz and the 2500 MHz auctions to ensure that in each region of Canada no fewer than four operators gain access to prime spectrum.
- Tower sharing and roaming policies will be improved and extended.
- Obligations will be imposed on 700 MHz license holders to ensure advanced wireless services are quickly delivered to rural Canadians.

On March 7, 2013, the Government of Canada announced the final rules for the upcoming 700 MHz spectrum auction. In so doing, it acted to maintain the pro-competitive policy framework it had previously announced in March 2012, notably as it relates to the use of spectrum caps and the strengthening of mandatory roaming and tower sharing rules. We participated in the auction and on February 19, 2014 were declared the provisional winner of a package of seven spectrum licenses for a final price of $233.3 million. Eligibility documentation and payment equal to 20% of the final price was submitted to Industry Canada on March 5, 2014. Payment equal to the remaining 80% of the final price must be submitted by April 2, 2014.

On January 10, 2014, the Government of Canada announced the final rules for the upcoming 2500 MHz spectrum auction, which is scheduled to begin on April 14, 2015. We will be studying the detailed auction format and rules in depth and will be setting our auction strategy accordingly. The deadline to participate in the auction is November 27, 2014.

On March 7, 2013, Industry Canada also released the text of its revisions to the mandatory roaming and antenna tower and site sharing rules. These rules were put in place subsequent to the 2008 AWS auction in order to facilitate competitive entry into the wireless sector, among other objectives. Among the revisions that were adopted are: an indefinite extension of the obligation to offer both in-territory and out-of-territory roaming services on commercial terms; measures to improve transparency and information exchange related to tower sharing; and measures to streamline the arbitration process in the event of disputes.

In addition, on June 28, 2013, Industry Canada published its new framework relating to transfers, divisions and subordinate licensing of spectrum licenses for commercial mobile spectrum. The framework sets out a series of considerations and criteria for reviewing license transfers and prospective transfers, while refraining from imposing specific quantitative or other approval thresholds. Among the considerations and criteria are: the current license holdings of the applicants in the licensed area, the overall distribution of holdings in the band and other commercial mobile bands in the licensed area, the availability of alternative spectrum, and the degree to which the applicants have deployed networks. The framework also sets out review procedures and timelines (normally 12 weeks from the time of receipt of all required information) and establishes a definition of "deemed transfers" subject to review. The new framework applies to license transfers and prospective transfers on or after the date of publication, and therefore will apply if and when Videotron exercises its option to sell its Toronto AWS license to Rogers under the Rogers LTE Agreement.

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.

On October 11, 2012, the CRTC released a decision determining that the conditions for forbearance have not changed sufficiently to require the Commission to regulate rates or interfere in the competitiveness of the retail mobile wireless voice and data services market. However, on the same date, to ensure that consumers are able to participate in the competitive market in an informed and effective manner, and to fulfill the policy objectives of the Telecommunications Act, the CRTC initiated a public proceeding to establish a mandatory code for mobile wireless service providers to address the clarity and content of mobile wireless service contracts and related issues for consumers.

The new 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 December 12, 2013 the CRTC initiated a proceeding to consider whether or not there is a situation of unjust discrimination or undue preference with respect to inter-carrier wireless roaming arrangements in Canada and, if so, what remedies would be appropriate. Initial and reply submissions have been filed on January 29 and February 10, 2014 respectively, and a decision is expected in June 2014. On February 20, 2014, the Commission also initiated a broader proceeding to determine whether the wholesale mobile wireless services market is sufficiently competitive and whether greater regulatory oversight, including mandating access to any existing or potential wholesale mobile wireless service, would be appropriate. In this regard, the Commission will examine the market conditions for wholesale roaming and wholesale tower and site sharing, as well as the market conditions for other wholesale mobile wireless services. A public hearing on these matters is scheduled to begin on September 29, 2014 and a ruling is expected by February 2015.

On December 18, 2013 the Minister of Industry (Canada) announced that the Government will introduce an amendment to the Telecommunications Act that will put a cap on domestic wireless roaming rates, preventing wireless providers from charging other companies more than they charge their own customers for mobile voice, data and text services. This measure will be in place until such time as the CRTC makes a decision on roaming rates. The Minister of Industry (Canada) also announced that the Government will amend both the Telecommunications Act and the Radiocommunication Act to give the CRTC and Industry Canada 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.

The remedies or measures that result from the CRTC's roaming or wholesale wireless proceedings or the Government's proposed legislative amendments could have an impact on our cost structure for domestic roaming or tower sharing and hence on our competitiveness in the wireless market.

Municipal Siting Processes for Wireless Antenna Systems

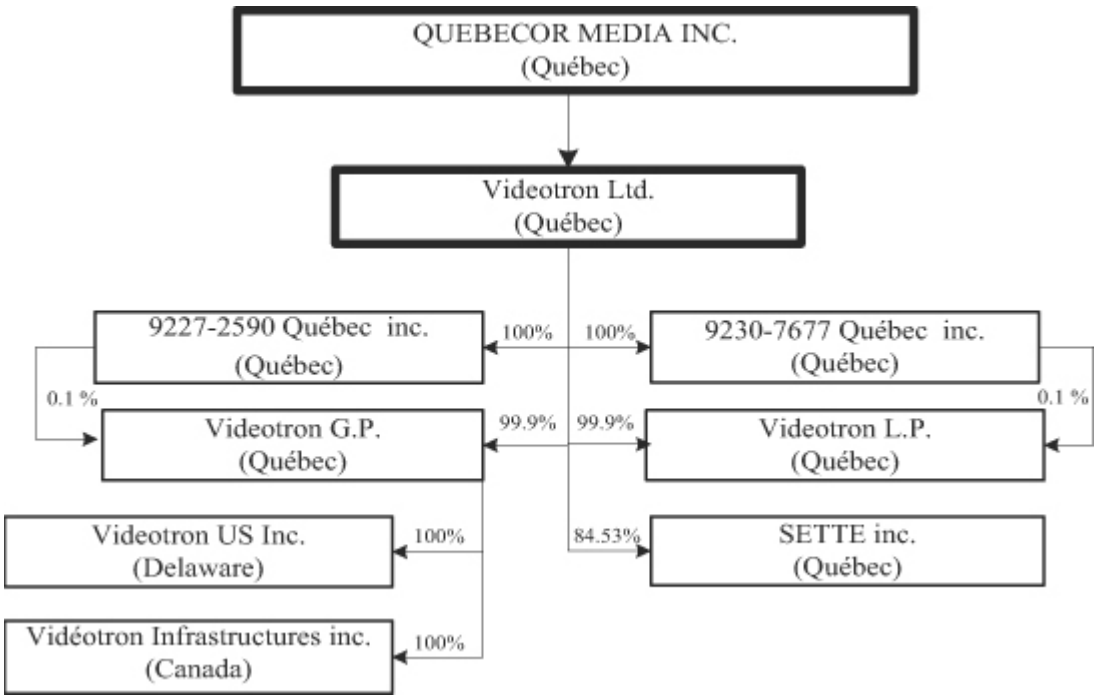
On February 28, 2013, the Canadian Wireless Telecommunications Association, of which Videotron is a member, and the Federation of Canadian Municipalities signed a joint protocol on the siting process for wireless antenna systems. The protocol establishes a more comprehensive notification and consultation 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.

Effective implementation of the joint protocol requires a willingness on the part of both carriers and municipalities to engage in constructive discussions related to antenna siting within the framework of current Industry Canada regulations. Any efforts by municipalities to refrain from constructive discussions or to impose requirements that fall outside of the framework of current Industry Canada regulations could have a material impact on our ability to expand our existing HSPA+ network or to deploy our future LTE network on a timely and cost-effective basis.

On February 5, 2014, the Minister of Industry (Canada) announced that its department will be making 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. While these changes appear to be largely consistent with the joint protocol cited above, the detailed text of the changes is not yet available, and as a result we are not yet able to assess what impact they may have on our ability to gain timely approval for new tower installations.

D- Organizational Structure

Videotron is a wholly-owned subsidiary of Quebecor Media. Quebecor Media is a 75.4% owned subsidiary of Quebecor. The remaining 24.6% of Quebecor Media is owned by a subsidiary of the *Caisse de dépôt et de placement du Québec* ("**CDPQ**"), one of Canada's largest pension fund managers. The following chart illustrates the corporate structure of Videotron as of December 31, 2013, including Videotron's significant subsidiaries, together with the jurisdiction of incorporation or organization of each entity.



E- Property, Plants and Equipment

Our 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. We also own several buildings in Montréal, the largest building of which is located at 2155 Pie IX Street in Montréal (approximately 128,000 square feet). We also own a building located at 150 Beaubien Street in Montréal (approximately 72,000 square feet). We lease approximately 52,000 square feet of office space in a building located at 800 de la Gauchetière Street in Montréal to accommodate staffing growth. We also lease approximately 54,000 square feet in a building located at 4545 Frontenac Street in Montréal and 47,000 square feet in a building located at 888 De Maisonneuve Street in Montréal. In Québec City, we own a building of approximately 40,000 square feet located at 2200 Jean-Perrin Street where our regional headend for the Québec City region is located. We also own or lease a significant number of smaller locations for signal reception sites and customer service and business offices.

Our senior secured credit facilities are secured by charges over all of our assets and those of most of our subsidiaries.

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.

Environment

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. For example,

Québec's regulation on the recovery and reclamation of products by enterprises officially came into force on July 13, 2011. This regulation requires us to implement a recycling program or to become member of a program from an organization accredited by Recyc-Québec. Recovery rates are stipulated for different categories of products commercialized by companies to which this regulation applies. Starting in 2015, penalties will be imposed upon those companies which fail to achieve the recovery targets set forth in the regulation and will vary as a function of the amount of products commercialized and the actual recovery rates of the company, with potential penalties reaching up to $600,000 annually and with fines for non-compliance ranging between $5,000 and $250,000.

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 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.

ITEM 4A – UNRESOLVED STAFF COMMENTS

None.

FINANCIAL REVIEW

ITEM 5 – OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Management Discussion and Analysis provides information concerning the operating results and financial condition of Videotron Ltd ("Videotron", the "Corporation", "we" or "our"). This discussion should be read in conjunction with our consolidated financial statements and accompanying notes. The Corporation's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts are in Canadian 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."

Due to rounding, minor differences may exist between amounts shown in this MD&A and the consolidated financial statements.

CORPORATE PROFILE

We are a wholly owned subsidiary of Quebecor Media Inc. ("Quebecor Media"), incorporated under the Business Corporations Act (Québec). We are the largest cable operator in the Province of Québec and the third-largest in Canada, based on the number of cable customers, as well as being a major cable Internet service and telephony services provider in the Province of Québec. Videotron's primary sources of revenue include: subscriptions for cable television, cable Internet access and cable and mobile telephony services.

TREND INFORMATION

Competition continues to be intense in the cable and alternative multichannel broadcast distribution industry and in the mobile telephony market. Moreover, the significant subscriber growth recorded in past years is not necessarily indicative of future growth due to penetration rates currently reached.

The Corporation requires substantial capital for the upgrade, expansion and maintenance of its network, the launch and expansion of new and 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 in order to expand and upgrade systems and services, including expenditures relating to advancements in Internet access and high definition television ("HDTV"), as well as the cost of its mobile services' infrastructure deployment and upgrade.

Moreover, the demand for wireless data services has been growing at unprecedented rates and it is projected that this demand will further accelerate. The anticipated levels of data traffic will represent a growing challenge to the current mobile network's ability to serve this traffic. The Corporation may have to acquire additional spectrum, if available, in order to address this increased demand.

HIGHLIGHTS SINCE DECEMBER 31, 2012

- During 2013, revenues and ARPU grew by 4.4% and 5.8%, respectively, compared to 2012. Our revenue growth was combined with a solid adjusted operating income margin of 47.4% in 2013, compared with 46.4% for 2012. The operating income performance was driven by the revenue increase and by the Corporation's capacity to control costs, since purchase of goods and services expenses combined with employee costs, expressed as a percentage of revenues, decreased by 1.0 percentage point to 52.6%.

- Net additions of 122,700 revenue generating units (RGUs) in 2013 (representing the sum of our cable television, cable Internet, Internet over wireless, cable telephony subscribers, and mobile telephony lines), compared with 221,800 net RGUs added in 2012. Total RGUs were 5,040,000 as of December 31, 2013.

- We activated 100,700 net new lines on our advanced mobile network, bringing our total mobile customer base to 503,300 activated lines.

- During 2013, Videotron has reached a new milestone and solidified its position as the Quebec leader in multiplatform TV by signing more than 58,000 customers for its new subscription video-on-demand service, illico Club Unlimited, in less than a year.

- In 2013, Videotron was ranked the best retailer in the telecommunications industry in Quebec for the third consecutive year by Leger Marketing.

- On February 19, 2014, Industry Canada announced that the Corporation was the successful bidder for seven 700 MHz spectrum licences in Canada's four most populous provinces. The operating licences, acquired for $233.3 million, cover the entirety of the provinces of Québec, Ontario (except Northern Ontario), Alberta and British Columbia. They will enable the Corporation to reach more than 80% of Canada's population, approximately 28 million people. With the high-quality spectrum acquired in this auction, Videotron will be well equipped to develop and expand its wireless network.

- On December 29, 2013, all of the operating assets and liabilities of Le Superclub Videotron were sold to our parent corporation Quebecor Media.

- On September 24, 2013, Videotron announced the expansion of its multiplatform offering with the addition of Super Channel to its Illico Digital TV service. Super Channel carries blockbuster films, popular television series and Showtime-exclusive boxing matches. Its vast selection of content is available on illico.tv, illico.tv for tablets (Android and ipad) and illico mobile.

- On September 5, 2013, Videotron announced plans to launch a new English-language community television channel, MYtv, to serve as a voice and mirror for the Anglophone community in the greater Montréal area. An official application has been filed with the Canadian Radio-television and Telecommunications Commission ("CRTC").

- On June 17, 2013, we announced the closing of the offering and sale of 5.625% Senior Notes, maturing on June 15, 2025, in an aggregate principal amount of $400.0 million. The proceeds of this offering were used on July 2, 2013 to finance the early redemption and retirement of US$380.0 million aggregate principal amount of our outstanding 9.125% Senior Notes, issued on April 15, 2008 and maturing in April 2018, and to settle the related hedging contracts.

- In June 2013, we amended our $575.0 million secured revolving credit facility to extend the maturity date to July 2018 and to amend some of its terms and conditions.

- On May 31, 2013, we sold our specialized web sites Jobboom and Réseau Contact to our parent corporation Quebecor Media for a total consideration of $65.0 million. On the same day, Quebecor Media announced that Mediagrif Interactive Technologies ("**Mediagrif**") and Quebecor Media reached a definitive agreement pursuant to which Mediagrif acquired Jobboom on June 1, 2013, and agreed to acquire Réseau Contact, the latter transaction being subject to technology transfer conditions. The acquisition of Réseau Contact was completed on November 29, 2013.

- On May 29, 2013, we announced an agreement with Rogers Communications Partnership ("**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**"). We will maintain our business independence, including product and service portfolios, billing systems and customer data. As part of the Rogers LTE Agreement, we will provide each other with services for which we will receive $93.0 million and Rogers will receive $200.0 million, payable over a period of 10 years. In addition to the LTE network build-out and sharing agreement, we have also come to an agreement regarding our unused AWS spectrum in the Greater Toronto Area. We have the option to transfer our Toronto spectrum license to Rogers, subject to regulatory approvals, effective as of January 1, 2014, for an aggregate consideration of $180.0 million.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures used by the Corporation to assess its financial performance, such as adjusted operating income, average monthly revenue per user ("ARPU") and adjusted operating income margin are not calculated in accordance with, or recognized by IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from methods used by 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.

Average Monthly Revenue per User

ARPU is an industry metric that the Corporation uses to measure its monthly cable television, Internet access, cable and mobile telephony revenues per average basic cable customer. ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of ARPU may not be the same as identically titled measurements reported by other companies. The Corporation calculates ARPU by dividing its combined cable television, Internet access, cable and mobile telephony revenues by the average number of basic cable customers during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

Adjusted Operating Income Margin

The Corporation defines adjusted operating income margin as the adjusted operating income expressed as a percentage of revenues under IFRS.

Adjusted Operating Income

The Corporation defines adjusted operating income, as reconciled to net income under IFRS, as net income before amortization, financial expenses, gain or loss on valuation and translation of financial instruments, gain or loss on debt refinancing, restructuring of operations and other special items, income taxes and discontinued operations. Adjusted operating income as defined above is not a measure of results that is recognized under 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 and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Our management and Board of Directors use this measure in evaluating our consolidated results. As such, this measure eliminates the effect of significant levels of non-cash charges related to the depreciation of tangible assets and amortization of certain intangible assets and is unaffected by the capital structure or investment activities of the Corporation. Adjusted operating income 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 capitalized tangible and intangible assets used in generating revenues. In addition, the Corporation uses free cash flows from continuing operating activities to reflect such costs. Measures like adjusted operating income are commonly used by the investment community to analyze and compare the performance of companies in the industries in which we are engaged. Our definition of adjusted operating income may not be the same as similarly titled measures reported by other companies.

Table 1 below presents a reconciliation of adjusted operating income to net income as presented in our consolidated financial statements. The consolidated income statement data for the three-month periods ended December 31, 2013 and 2012 is derived from the unaudited consolidated statements for such periods not included in this annual report.

Table 1
Reconciliation of the adjusted operating income measure used in this report to the net income measure used in the consolidated financial statements
(in millions of dollars)

	Three - month period ended December 31		Twelve - month period ended December 31		
	2013	2012	**2013**	2012	2011
Adjusted operating income	**$ 322.3**	$ 304.8	**$1,284.7**	$1,203.7	$1,073.5
Amortization	**(145.4)**	(136.7)	**(561.7)**	(485.4)	(407.0)
Financial expenses	**(41.4)**	(44.1)	**(174.1)**	(179.4)	(161.2)
(Loss) / gain on valuation and translation of financial instruments	**(17.2)**	(16.2)	**(163.7)**	75.7	53.9
(Loss) / gain on debt refinancing	**–**	–	**(18.9)**	7.6	5.0
Restructuring of operations and other special items	**(0.8)**	–	**(0.7)**	(0.5)	(15.1)
Income tax expense	**0.7**	(10.7)	**(29.4)**	(115.8)	(105.1)
Discontinued operations	**0.3**	1.3	**40.7**	8.1	12.2
Net income	**$ 118.5**	$ 98.4	**$ 376.9**	$ 514.0	$ 456.2

Analysis of Consolidated Results of Videotron

2013/2012 Year Comparison

Customer Statistics

Cable television services – Our combined customer base for cable television services decreased by 29,900 (1.6%) in 2013 (compared with a decrease of 6,500 (0.3%) in 2012). As of December 31, 2013, our cable network had a household penetration rate (number of subscribers as a proportion of the 2,742,500 total homes passed) of 66.5% compared with 68.7% a year earlier.

- The number of subscribers to illico Digital TV stood at 1,531,400 at the end of 2013, an increase of 46,800 or 3.2% in 2013 (compared with an increase of 83,800 (6.0%) in 2012). As of December 31, 2013, 83.9% of our cable television customers were subscribers to our illico Digital TV services, compared with 80.0% as of December 31, 2012. As of December 31, 2013, illico Digital TV had a household penetration rate of 55.8%, compared with 55.0% as of December 31, 2012.

- The customer base for analog cable television services decreased by 76,700 (20.7%) in 2013 (compared with a decrease of 90,300 customers (19.6%) in 2012), mainly as a result of customer migration to illico Digital TV.

Cable Internet access services – The number of subscribers to cable Internet access services stood at 1,418,300 at the end of 2013, an increase of 30,600 (2.2%) in 2013 (compared with an increase of 55,200 (4.1%) in 2012). As of December 31, 2013, cable Internet access services had a household penetration rate of 51.7%, compared with 51.4% as of December 31, 2012.

Cable telephony services – The number of subscribers to cable telephony services stood at 1,286,100 at the end of 2013, an increase of 21,200 (1.7%) in 2013 (compared with an increase of 59,600 (4.9%) in 2012). As of December 31, 2013, the cable telephony services had a household penetration rate of 46.9%, compared with 46.8% as of December 31, 2012.

Mobile telephony services – As of December 31, 2013, 503,300 lines were activated on our mobile telephony network, an increase of 100,700 (25.0%) in 2013 (compared with an increase of 112,000 (38.6%) in 2012).

Table 2
End-of-year customer numbers
(in thousands of customers)

	2013	2012	2011	2010	2009
Cable television:					
Analog	**293.7**	370.4	460.7	592.0	692.9
Digital	**1,531.4**	1,484.6	1,400.8	1,219.6	1,084.1
Total cable television	**1,825.1**	1,855.0	1,861.5	1,811.6	1,777.0
Cable Internet	**1,418.3**	1,387.7	1,332.5	1,252.1	1,170.6
Internet over wireless	**7.2**	7.1	5.6	2.3	–
Cable telephony	**1,286.1**	1,264.9	1,205.3	1,114.3	1,014.0
Mobile telephony (in thousands of lines)	**503.3**	402.6	290.6	136.1	82.8
Revenue generating units (RGU)	**5,040.0**	4,917.3	4,695.5	4,316.4	4,044.4

2013/2012 Analysis of Results

Revenues: $2,711.8 million, an increase of $114.0 million (4.4%) compared with 2012.

Combined revenues from cable television services increased by $10.9 million (1.0%) to $1,090.3 million. This increase was primarily due to higher set-top box rental revenues, the migration of customers from analog to digital services, increase in pay-per-view and pay television services and an increase in subscribers to our High Definition packages.

Revenues from Internet access services increased by $45.9 million (5.9%) to $818.4 million. The improvement was mainly due to customer growth and increasing sales to third party Internet service providers.

Revenues from cable telephony services increased by $18.9 million (4.2%) to $473.8 million. This increase was mainly due to customer growth and price increases.

Revenues from mobile telephony services increased by $48.9 million (28.5%) to $220.6 million, essentially due to customer growth.

Revenues from business solutions decreased by $1.4 million (2.2%) to $63.5 million.

Revenues from sales of customer premises equipment decreased by $6.9 million (15.9%) to $36.5 million.

Other revenues decreased in 2013 at $8.8 million.

Monthly combined ARPU: $118.03 in 2013, compared with $111.57 in 2012, an increase of $6.46 (5.8%). This growth is mainly explained by an increase in customers subscribing to two or more services and price increases in television, Internet and cable telephony services.

Adjusted operating income: $1,284.7 million in 2013, an increase of $81.0 million (6.7%).

- This increase was primarily due to:
  - revenue increase, as detailed above; and
  - decrease in purchase of goods and services as a percentage of revenues.

  Partially offset by:
  - increase in losses on the sale of mobile devices. The acquisition cost per new subscriber connection on our 4G network is $541.

Purchase of goods and services, expressed as a percentage of revenues: 39.0% in 2013 compared with 39.8% in 2012.

- Purchase of goods and services expenses as a proportion of revenues decreased, primarily due to:
  - fixed-cost base, which does not fluctuate in sync with revenue growth;
  - positive impact resulting from an adjustment to licence fees in order to match the CRTC's billing period; and
  - decrease in marketing and distribution expenses.

Employee costs, expressed as a percentage of revenues: stable at 13.7% in 2013 compared with 13.8% in 2012.

Amortization charge: $561.7 million, an increase of $76.3 million (15.7%) compared with 2012.

- The increase was mainly due to:
  - increase in fixed assets, mostly related to cable Internet access services and to the modernization of our wireline network; and
  - amortization of illico Digital TV set-top boxes related to our rental program.

Financial expenses (Primarily comprised of cash interest expense on outstanding debt): $174.1 million, a decrease of $5.3 million (3.0%) compared with 2012.

- The decrease was mainly due to:
  - $3.6 million decrease in interest expenses, mainly due to a lower average interest rate on our indebtedness; and
  - $1.0 million increase in net dividend income from affiliated corporations and parent corporation, due to changes in tax consolidation arrangements.

Gain or loss on valuation and translation of financial instruments: Loss of $163.7 million in 2013, compared with a gain of $75.7 million in 2012.

- The unfavourable variance of $239.4 million was mainly due to:
  - the variance in the fair value of early settlement options due to fluctuations in the valuation assumptions, including interest rates and credit premiums implicit in the adjusted prices of the underlying instruments; and
  - The reversal of the fair value of early settlement options on the Senior Notes redeemed on July 2, 2013.

Income tax expense: $29.4 million (effective tax rate of 8.1%) in 2013, compared with $115.8 million (effective tax rate of 18.6%) in 2012.

- The decrease of $86.4 million was mainly due to:
  - $68.9 million related to the decrease in taxable income; and
  - $18.1 million related to tax consolidation arrangements with our parent corporation and affiliated corporations.

  Partially offset by:
  - $0.6 million related to other non-taxable items, items deductible at a lower future tax rate, and other items.

Restructuring of operations and other special items: $0.7 million expense recorded in 2013 compared with $0.5 million in 2012.

Net income attributable to shareholder: $376.5 million, a decrease of $137.2 million (26.7%).

- The decrease was mainly due to:
  - $239.4 million decrease in gain on valuation and translation of financial instruments;
  - $76.3 million increase in amortization charges; and
  - $26.5 million unfavourable variances in gain or loss on debt refinancing.

  Partially offset by:
  - $86.4 million decrease in income taxes;
  - $81.0 million increase in adjusted operating income;
  - $32.6 million increase in income from discontinued operations; and
  - $5.3 million decrease in financial expenses.

2012/2011 Year Comparison

Customer Statistics

Cable television services – Our combined customer base for cable television services decreased by 6,500 (0.3%) in 2012 (compared with an increase of 49,900 in 2011). As of December 31, 2012, our cable network had a household penetration rate (number of subscribers as a proportion of the 2,701,200 total homes passed) of 68.7% compared with 70.1% a year earlier. Note that the fourth quarter of 2011 saw the end of over-the-air transmission of analog television signals in Canada.

- The number of subscribers to illico Digital TV stood at 1,484,600 at the end of 2012, an increase of 83,800 or 6.0% in 2012 (compared with an increase of 181,200 (14.9%) in 2011). As of December 31, 2012, 80.0% of our cable television customers were subscribers to our illico Digital TV services, compared with 75.3% as of December 31, 2011. As of December 31, 2012, illico Digital TV had a household penetration rate of 55.0%, compared with 52.7% as of December 31, 2011.

- The customer base for analog cable television services decreased by 90,300 (19.6%) in 2012 (compared with a decrease of 131,300 customers (22.2%) in 2011), primarily as a result of customer migration to illico Digital TV.

Cable Internet access services – The number of subscribers to cable Internet access services stood at 1,387,700 at the end of 2012, an increase of 55,200 (4.1%) in 2012 (compared with an increase of 80,400 (6.4%) in 2011). As of December 31, 2012, cable Internet access services had a household penetration rate of 51.4%, compared with 50.1% as of December 31, 2011.

Cable telephony services – The number of subscribers to cable telephony services stood at 1,264,900 as of the end of 2012, an increase of 59,600 (4.9%) in 2012 (compared with an increase of 91,000 (8.2%) in 2011). As of December 31, 2012, the cable telephony services had a household penetration rate of 46.8%, compared with 45.4% as of December 31, 2011.

Mobile telephony services – As of December 31, 2012, 402,600 lines were activated on our mobile telephony network, an increase of 112,000 (38.6%) in 2012 (compared with an increase of 154,500 (113.5%) in 2011).

2012/2011 Analysis of Results

Revenues: $2,597.8 million, an increase of $208.5 million (8.7%) compared with 2011.

Combined revenues from cable television services increased by $66.7 million (6.6%) to $1,079.3 million. This increase was primarily due to price increases, the continued migration of customers from analog to digital services and an increase in subscribers to our high definition packages. These increases were partially offset by higher bundling discounts.

Revenues from Internet access services increased by $74.3 million (10.6%) to $772.5 million. The improvement was mainly due to customer growth, price increases and the migration of customers to high-end packages.

Revenues from cable telephony services increased by $18.2 million (4.2%) to $454.9 million. This increase was mainly due to customer growth, higher revenues per user from our small and medium business customers, and higher revenues from long-distance packages.

Revenues from mobile telephony services increased by $58.9 million (52.2%) to $171.6 million, essentially due to customer growth.

Revenues from business solutions increased by $1.8 million (2.9%) to $64.9 million, essentially due to growth in network solution services and long-distance services.

Revenues from sales of customer premises equipment decreased by $12.5 million (22.4%) to $43.4 million, mainly due to higher promotional discounts on our customer equipment in 2012.

Other revenues increased in 2012 at $11.2 million.

Monthly combined ARPU: $111.57 in 2012, compared with $103.28 for 2011, an increase of $8.29 (8.0%). This growth is mainly explained by an increase in customers subscribing to two or more services, the upward migration in television and cable Internet access service packages, and price increases for our television and Internet services.

Adjusted operating income: $1,203.7 million in 2012, an increase of $130.2 million (12.1%).

- This increase was primarily due to:
  - revenue increase, as detailed above.

Partially offset by:

- increases in call centre and marketing costs, to support our growth; and
- increase in operating expenses related to the deployment of our 4G network.

Purchase of goods and services, expressed as a percentage of revenues: 39.8% in 2012 compared with 41.6% in 2011.

- Purchase of goods and services expenses as a proportion of revenues decreased, primarily due to:
  - fixed-cost base, which does not fluctuate in sync with revenue growth; and
  - increase in residential, multi-unit and commercial customers subscribing to two or more services. As of December 31, 2012, 79% of our customers were bundling two services or more, compared with 76% as of December 31, 2011.

  Partially offset by:
  - increase in operating expenses related to the deployment of our 4G network; and
  - increases in call centre and marketing costs, to support our growth.

Employee costs, expressed as a percentage of revenues: 13.9% in 2012 compared with 13.4% in 2011.

- Employee costs as a proportion of revenues increased, primarily due to:
  - increase in pension plan costs.

Amortization charge: $485.4 million, an increase of $78.4 million (19.3%) compared with 2011.

- The increase was mainly due to:
  - amortization of our 4G network related fixed assets as deployment continued in late 2011 and 2012;
  - increase in acquisition of fixed assets, mostly related to telephony and cable Internet access services and to the modernization of our wireline network; and
  - amortization of illico Digital TV set-top boxes related to our rental program.

Financial expenses (Primarily comprised of cash interest expense on outstanding debt): $179.4 million, an increase of $18.2 million (11.3%) compared with 2011.

- The increase was mainly due to:
  - $15.9 million increase in interest expenses, due to higher indebtedness;
  - $1.4 million increase in net interest cost on defined benefit plans;
  - $1.3 million increase in amortization of financing costs and long-term debt premium or discount, as a result of the incremental financing fees incurred on new indebtedness and the retirement of long-term debt subject to premium amortization; and
  - $1.1 million increase in loss on foreign currency translation on current monetary items.

  Partially offset by:
  - $0.6 million increase in net dividend income from affiliated corporations and parent corporation, due to changes in tax consolidation arrangements; and
  - $0.9 million increase in other interest revenues.

Gain on valuation and translation of financial instruments: $75.7 million in 2012, compared with $53.9 million in 2011, a favourable variance of $21.8 million.

- The variance was essentially due to a favourable change in the fair value of early settlement options as a result of interest rate and credit premium fluctuations.

Income tax expense: $115.8 million (effective tax rate of 18.6%) in 2012, compared with $105.1 million (effective tax rate of 19.1%) in 2011.

- The increase of $10.7 million was mainly due to:
  - $20.6 million related to the increase in taxable income; and
  - $6.5 million related to other non-taxable items, items deductible at a lower future tax rate, and other items.

  Partially offset by:
  - $9.3 million related to a lower domestic statutory tax rate; and
  - $7.0 million related to tax consolidation arrangements with our parent corporation and affiliated corporations.

Restructuring of operations and other special items: $0.5 million expense recorded in 2012 compared with $15.1 million in 2011.

- This favourable variance is mainly explained by charges of $14.8 million in 2011, related to the migration of pre-existing Mobile Virtual Network Operator ("MVNO") subscribers to our 4G network.

Net income attributable to shareholder: $513.8 million, an increase of $57.7 million (12.7%).

- The increase was mainly due to:
  - $130.2 million increase in adjusted operating income;
  - $21.8 million increase in gain on valuation and translation of financial instruments;
  - $14.6 million decrease in restructuring expense; and
  - $2.6 million increase in gain on debt refinancing.

  Partially offset by:
  - $78.4 million increase in amortization charges;
  - $18.2 million increase in financial expenses;
  - $10.7 million increase in income taxes; and
  - $4.1 million decrease in income from discontinued operations.

2013/2012 Fourth Quarter Comparison

Customer statistics

Cable television – The combined customer base for cable television services decreased by 5,300 (0.3%) in the fourth quarter of 2013 (compared with an increase of 2,100 (0.1%) in the fourth quarter of 2012).

- The number of subscribers to illico Digital TV stood at 1,531,400 at the end of the fourth quarter of 2013, an increase of 13,800 (0.9%) during the quarter (compared with an increase of 26,800 (1.8%) in the fourth quarter of 2012).

- The customer base for analog cable television services decreased by 19,100 (6.1%) in the fourth quarter of 2013 (compared with a decrease of 24,700 customers (6.3%) in the fourth quarter of 2012) primarily as a result of customer migration to illico Digital TV.

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,418,300 at the end of the fourth quarter of 2013, an increase of 10,100 (0.7%) in the quarter (compared with an increase of 18,100 (1.3%) during the fourth quarter of 2012).

Cable telephony service – The number of subscribers to cable telephony services stood at 1,286,100 at the end of the fourth quarter of 2013, an increase of 4,900 (0.4%) in the quarter (compared with an increase of 15,200 (1.2%) in the same quarter of 2012).

Mobile telephony service – As of December 31, 2013, 503,300 lines were activated on our mobile telephony service, an increase of 25,300 (5.3%) in the quarter (compared with an increase of 24,300 (6.4%) in the same quarter of 2012).

2013/2012 Fourth Quarter Analysis of Results

Revenues: $693.2 million, an increase of $24.5 million (3.7%) compared with the fourth quarter of 2012.

Combined revenues from cable television services increased by $1.9 million (0.7%) to $276.3 million. This growth was primarily due to price increases, higher set-top box rental revenues, the migration of customers from analog to digital services, and an increase in subscribers to our High Definition packages.

Revenues from Internet access services increased by $14.3 million (7.3%) to $209.9 million. The improvement was mainly due to price increases, average customer growth, the success of illico Club Unlimited introduced in the first quarter of 2013 and increasing sales to third party Internet service providers.

Revenues from cable telephony service increased by $2.5 million (2.1%) to $118.7 million. This increase was mainly due to customer growth and price increases.

Revenues from mobile telephony services increased by $11.4 million (23.7%) to $59.6 million, essentially due to customer growth.

Revenues from business solutions decreased by $0.3 million (2.1%) to $15.8 million.

Revenues from sales of customer premises equipment decreased by $4.3 million (28.4%) to $10.7 million, mainly due to higher promotional discounts on our customer equipment in the quarter.

Other revenues remained stable in the fourth quarter at $2.2 million.

Monthly combined ARPU: $121.22 in the fourth quarter of 2013, compared with $114.02 in the same period of 2012, an increase of $7.20 (6.3%). This growth is mainly explained by an increase in customers subscribing to two or more services and price increases in television, Internet and cable telephony services.

Adjusted operating income: $322.3 million in the fourth quarter of 2013, an increase of $17.5 million (5.7%) compared to 2012.

- This increase was primarily due to:
  - revenue increase, as detailed above; and
  - decrease in purchase of goods and services as a percentage of revenues.

  Partially offset by:
  - increase in losses on the sale of mobile customer equipment. The acquisition cost per new subscriber connection on our 4G network is $541.

Purchase of goods and services, expressed as a percentage of revenues: Stable at 39.9% in 2013 compared with 40.2% in 2012.

Employee costs, expressed as a percentage of revenues: 13.6% in 2013 compared with 14.3% in 2012.

- Employee costs as a proportion of revenues decreased, primarily due to:
  - decrease in fringe benefit costs.

Amortization charge: $145.4 million, an increase of $8.7 million (6.4%) compared with 2012.

- The increase was mainly due to:
  - increase in fixed assets, mostly related to cable Internet access services and to the modernization of our wireline network; and
  - amortization of illico Digital TV set-top boxes related to our rental program.

Financial expenses (Primarily comprised of cash interest expense on outstanding debt): $41.4 million in 2013, a decrease of $2.7 million (6.1%) compared with 2012.

- The decrease was mainly due to:
  - $3.3 million decrease in interest expenses, mainly due to a lower average interest rate on our indebtedness.

  Partially offset by:
  - $0.5 million increase in loss on foreign currency translation of short-term monetary items.

Gain or loss on valuation and translation of financial instruments: $17.2 million loss in the fourth quarter of 2013, compared with a $16.2 million loss in the same quarter of 2012, an unfavourable variance of $1.0 million.

- The negative variance was mainly due to the variance in the fair value of early settlement options due to fluctuations in the valuation assumptions, including interest rates and credit premiums implicit in the adjusted prices of the underlying instruments.

Income tax expense: $0.7 million recovery (effective tax rate of -0.6%) in the fourth quarter of 2013, compared with $10.7 million expense (effective tax rate of 9.9%) in the same quarter of 2012.

- The favourable variance of $11.4 million was mainly due to:
  - $15.1 million related to tax consolidation arrangements with our parent corporation and affiliated corporations.

  Partially offset by:
  - $2.6 million related to the increase in taxable income; and
  - $1.1 million related to other non-taxable items, items deductible at a lower future tax rate, and other items.

Net income attributable to shareholder: $118.4 million, an increase of $20.1 million (20.5%).

- The increase was mainly due to:
  - $17.5 million increase in adjusted operating income;
  - $11.4 million decrease in income taxes expense; and
  - $2.7 million decrease in financial expenses.

  Partially offset by:
  - $8.7 million increase in amortization charges;
  - $1.0 million increase in loss on valuation and translation of financial instruments;
  - $1.0 million decrease in income from discontinued operations; and
  - $0.8 million increase in restructuring of operations and other special items.

CASH FLOW AND FINANCIAL POSITION

This section provides an analysis of sources and uses of cash flows, as well as an analysis of our financial position as of the balance sheet date. This section should be read in conjunction with the discussions on trends under "Trend Information" above and on the Corporation's financial risks under "Financial Instruments and Financial Risk Management" below.

Operating activities

2013 Financial Year

Cash flows provided by operating activities: $1,058.3 million in 2013, compared with $1,147.8 million in 2012, a decrease of $89.5 million (7.8%).

- The decrease was mainly due to:
  - $136.2 million unfavourable variance in non-cash balances related to operations, mainly due to a $26.1 million increase in inventories, and a $129.2 million decrease in accounts payable and accrued charges; partially offset by a $18.8 million increase in income taxes payable; and
  - $38.4 million increase in current income tax expenses.

  Partially offset by:
  - $81.0 million increase in adjusted operating income; and
  - $6.4 million decrease in cash financial expense, due to a lower average interest rate on our indebtedness.

Working capital: Negative $196.2 million as of December 31, 2013, compared with negative $242.9 million as of December 31, 2012. The difference mainly reflects an increase in cash and cash equivalents and a decrease in accounts payable and accrued charges; partially offset by the reclassification to short-term liabilities of derivative financial instruments due in January 2014 and an increase in income taxes payable.

2012 Financial Year

Cash flows provided by operating activities: $1,147.8 million in 2012, compared with $892.5 million in 2011, an increase of $255.3 million (28.6%).

- The increase was mainly due to:
  - $130.2 million increase in adjusted operating income;
  - $189.1 million favourable variance in non-cash balances related to operations, mainly due to a $17.4 million decrease in accounts receivable; a $12.4 million increase of the net variation in accounts receivable and payable to affiliated corporations; a $53.9 million decrease in inventories; a $67.8 million increase in accounts payable; and a $63.6 million increase in income taxes payable; partially offset by a $24.7 million decrease in deferred revenues and $1.3 million variation in other assets and liabilities;
  - $14.6 million decrease in the cash portion of charges related to restructuring of operations; and
  - $2.2 million favourable variance in other items.

  Partially offset by:
  - $64.1 million increase in current income tax expenses; and
  - $15.7 million increase in cash financial expense.

Working capital: Negative $242.9 million as of December 31, 2012, compared with negative $194.3 million as of December 31, 2011. The difference mainly reflects the impact of the decrease in inventories, the increase in net amounts payable to affiliated corporations, the increase in income taxes payable, and the increase in accounts payable and accrued charges, partially offset by an increase in cash and cash equivalents.

Investing Activities

2013 Financial Year

Additions to fixed assets: $546.8 million in 2013, compared with $670.2 million in 2012. The variance is mainly due to a reduction in overall expenditures on network infrastructure following the significant investments made in previous years.

Additions to intangible assets: $51.7 million in 2013, compared with $75.6 million in 2012.

Net proceeds from business disposal: $50.3 million in 2013 from the disposal of our specialized web sites Jobboom and Réseau Contact.

2012 Financial Year

Additions to fixed assets: $670.2 million in 2012, compared with $725.2 million in 2011. The variance is mainly due to lower investments in our 4G network in 2012 compared to 2011, since the roll-out was substantially completed.

Additions to intangible assets: $75.6 million in 2012, compared with $70.8 million in 2011.

Financing Activities

2013 Financial Year

Consolidated debt (long-term debt plus bank borrowings): $272.0 million increase in 2013.

- Summary of debt increases in 2013:
  - issuance, on June 17, 2013, of $400.0 million aggregate principal amount of Senior Notes for net proceeds of $394.8 million, net of financing fees of $5.2 million. The Notes bear interest at 5.625% per annum and mature on June 15, 2025;
  - $111.1 million unfavourable impact of exchange rate fluctuations; and
  - $164.4 million increase in debt due to an unfavourable variance in the fair value of early redemption options, resulting mainly from fluctuations in the valuation assumptions, including interest rate and credit premium implicit in the adjusted prices of the underlying instruments, in addition to the elimination of the early redemption option of the 9.125% Senior Notes that were redeemed on July 2, 2013.
- Summary of debt reductions during the same period:
  - redemption and retirement on July 2, 2013 of US$380.0 million aggregate principal amount of 9.125% Senior Notes due in April 2018; and
  - repayment of $10.7 million of borrowings under a bank credit facility.

Assets and liabilities related to derivative financial instruments: Net liability of $163.9 million as of December 31, 2013, compared with a net liability of $231.2 million as of December 31, 2012. This $67.3 million favourable variance was due primarily to the favourable net impact of exchange rate and interest rate fluctuations on the value of derivative financial instruments partially offset by the unwinding of hedging contracts in an asset position in connection with the redemption on July 2, 2013 of US$380.0 million aggregate principal amount of our outstanding 9.125% Senior Notes.

Dividends: Net decrease of $398.1 million in cash distributions to our parent corporation in 2013 compared with 2012.

2012 Financial Year

Consolidated debt (long-term debt plus bank borrowings): $270.0 million increase in 2012.

- Summary of debt increases in 2012:
  - issuance, on March 14, 2012, of US$800.0 million aggregate principal amount of Senior Notes for net proceeds of $787.6 million, net of financing fees of $11.9 million. The Notes bear 5.0% interest and mature on July 15, 2022.
- Summary of debt reductions during the same period:
  - redemption and retirement in March 2012 of all of 6.875% Senior Notes due in January 2014, in an aggregate principal amount of US$395.0 million;
  - $74.4 million decrease in debt due to a favourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations;
  - $33.3 million favourable impact of exchange rate fluctuations;
  - $16.2 million decrease due to write-off of the fair value adjustment related to hedged interest rate risk in relation with the repayment of our 6.875% Senior Notes due in January 2014; and
  - repayment of $10.7 million of borrowings under a bank credit facility.

Assets and liabilities related to derivative financial instruments: Net liability of $231.2 million as of December 31, 2012, compared with a net liability of $219.0 million as of December 31, 2011. This $12.2 million unfavourable variance was due primarily to the unfavourable net impact of exchange rate and interest rate fluctuations on the value of derivative financial instruments, and the new cross-currency interest rate swaps used to hedge the foreign currency risk exposure under our new U.S. dollar-denominated 5.0% Senior Notes due 2022.

Dividends: Net increase of $620.0 million in cash distributions to our parent corporation in 2012 compared with 2011.

Financial Position as of December 31, 2013

Net available liquid assets: $895.8 million for the Corporation and its wholly owned subsidiaries, consisting of $320.8 million in cash and cash equivalents and $575.0 million in unused availabilities under credit facilities. See "Results of 700 MHz spectrum auction" below for information about the issuance of a letter of credit to Industry Canada, which has not been considered in the calculation of the Corporation's net available liquidity.

Uses of Liquidity and Capital Resources

Our principal liquidity and capital resource requirements consist of:

- capital expenditures to maintain and upgrade our network in order to support the growth in our customer base and the launch and expansion of new or additional services, including the expansion and upgrade of our wireless network;
- servicing and repayment of debt;
- tax consolidation arrangements; and
- distributions to our shareholder.

Capital expenditures: $598.5 million in 2013, a decrease of $147.4 million (19.8%) compared with 2012.

- The decrease was mainly due to:
  - The reduction in overall capital expenditures on network infrastructure following the significant investments made in previous years.

Table 3
Additions to fixed and intangible assets
(in millions of dollars)

	2013	2012	2011
Customer premises equipment	**$231.5**	$247.1	$201.2
Scalable infrastructure	**162.2**	235.6	324.5
Line extensions	**52.9**	54.5	55.5
Upgrade/rebuild	**66.1**	107.0	121.3
Support capital and other	**85.8**	101.7	93.5
Total additions to fixed and intangible assets	**$598.5**	$745.9	$796.0

Consolidated long-term debt (long-term debt plus bank borrowings): $2,399.1 million as of December 31, 2013, an increase of $272.0 million; $67.3 million favourable net variance in assets and liabilities related to derivative financial instruments (see "Financing Activities" above).

As of December 31, 2013, mandatory debt repayments on the Corporation's long-term debt in the coming years are as follows:

Table 4
Mandatory debt repayments on Videotron's long-term debt
Year ending December 31
(in millions of dollars)

2014	$ 10.7
2015	196.7
2016	10.7
2017	10.7
2018	358.7
2019 and thereafter	1,851.0
Total	**$2,438.5**

The weighted average term of Videotron's consolidated debt was approximately 6.9 years as of December 31, 2013 (6.8 years as of December 31, 2012). The debt consisted of approximately 83.6% fixed-rate debt (83.1% as of December 31, 2012) and 16.4% floating-rate debt (16.9% as of December 31, 2012).

Videotron's management believes that cash flows from continuing operations and available sources of financing should be sufficient to cover committed cash requirements for capital investments, including investments required for our wireline and 4G wireless network, working capital, interest payments, debt repayments, pension plan contributions, and dividends in the future. Videotron has access to cash flows generated by its subsidiaries through dividends and cash advances paid by its wholly owned subsidiaries.

Servicing and Repayment of Debt: Cash interest payments of $168.4 million in 2013, an increase of $3.4 million compared with 2012.

Purchase of Shares of Quebecor Media and Servicing of Subsidiary Subordinated Loan: Unlike corporations in the United States, corporations in Canada are not permitted to file consolidated tax returns. As a result, we have entered into certain transactions described below that have the effect of using tax losses within the Quebecor Media group.

Tax Consolidation Arrangements with the Parent Corporation: On September 20, 2013, the Corporation contracted a subordinated loan of $3.25 billion from Quebecor Media Inc., bearing interest at a rate of 10.75%, payable every six months on June 20 and December 20, and maturing on September 20, 2043. On the same day, the Corporation invested the total proceeds of $3.25 billion into 3,250,000 preferred shares, Series B, of 9101-0835 Québec Inc., a subsidiary of Quebecor Media Inc. These shares carry the right to receive an annual dividend of 10.85%, payable semi-annually.

On December 27, 2013, 9101-0835 Québec Inc., a subsidiary of Quebecor Media Inc., redeemed 2,600,000 preferred shares, Series B, for a total cash consideration of $2.6 billion, including cumulative dividends of $5.4 million. On the same day, the Corporation used the total proceeds of $2.6 billion to repay part of its subordinated loan contracted from Quebecor Media Inc.

Tax Consolidation Arrangements with Affiliated Corporations: On October 31, 2012, Vidéotron Infrastructures inc., a wholly owned subsidiary of the Corporation, issued a subordinated loan of $800.0 million to Le Superclub Vidéotron Ltée, now a wholly owned subsidiary of Quebecor Media Inc., bearing interest at a rate of 11.00% payable every 6 months on June 20 and December 20 and maturing on October 31, 2027. On the same day, Vidéotron Infrastructures inc. issued 800,000 redeemable preferred shares, Class G to Le Superclub Vidéotron Ltée for a total cash consideration of $800.0 million. These shares carry the right to receive an annual dividend of 11.25%, payable semi-annually.

On January 21, 2013, Vidéotron Infrastructures inc. redeemed from Le Superclub Vidéotron Ltée 720,000 preferred shares, Class G, for a total cash consideration of $720.0 million, including cumulative dividend of $7.1 million. On the same day, Le Superclub Vidéotron Ltée used the total proceeds of $720.0 million to repay a portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

On October 18, 2013, Vidéotron Infrastructures inc. redeemed from Le Superclub Vidéotron Ltée 80,000 preferred shares, Class G, for a total cash consideration of $80.0 million, including cumulative unpaid dividend of $3.0 million. On the same day, Le Superclub Vidéotron Ltée used the total proceeds of $80.0 million to repay the outstanding portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

The above transactions were carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries, on terms equivalent to those that prevail on an arm's length basis and accounted for at the consideration agreed between parties.

Distributions to our shareholder: There were no dividends paid to our shareholder, Quebecor Media, in the fourth quarter of 2013, compared with total cash distributions of $265.0 million in the same period of 2012. For the year ended December 31, 2013, we paid $361.9 million in dividends to our shareholder, compared with total cash distributions of $760.0 million in 2012. We expect to make cash distributions to our shareholder in the future, as determined by our Board of Directors, and within the limits set by the terms of our indebtedness and applicable laws.

Results of 700 MHz spectrum auction: On February 19, 2014, Industry Canada announced that the Corporation was the successful bidder for seven 700 MHz spectrum licences in Canada's four most populous provinces. The operating licences, acquired for $233.3 million, cover the entirety of the provinces of Québec, Ontario (except Northern Ontario), Alberta and British Columbia. They will enable the Corporation to reach more than 80% of Canada's population, approximately 28 million people. The 700 MHz band, by its ability to penetrate walls, an important advantage in urban areas, and its long range in remote regions, makes it the ideal band for the development of next-generation networks, including LTE.

In November 2013, prior to the commencement of the spectrum auction on January 14, 2014, the Corporation issued a letter of credit to Industry Canada. Under Industry Canada's published rules respecting disclosure, it is strictly forbidden for the Corporation to reveal the amount of this letter of credit. Videotron's net available liquidity as reported under "Financial Position" above has not been reduced by the amount of this letter of credit.

Analysis of Consolidated Balance Sheets as of December 31, 2013

Table 5
Consolidated Balance Sheets of Videotron
Analysis of significant variances between December 31, 2013 and December 31, 2012
(in millions of dollars)

	December 31, 2013	December 31, 2012	Variance	Variance detail
Assets				
Cash and cash equivalents	**$ 322.5**	$ 163.2	$ 159.3	Cash inflows provided by operating activities less outflows related to investing and financing activities
Investments	**2,280.0**	1,630.0	650.0	Investment in preferred shares of an affiliated corporation for tax consolidation purposes
Fixed assets	**2,908.1**	2,831.0	77.1	Additions of fixed assets related to our network and illico set-top boxes, net of amortization
Intangible assets	**624.1**	681.9	(57.8)	Amortization of AWS spectrum licences, partially offset by additions of software and licences
Goodwill	**429.3**	448.8	(19.5)	Sale of the specialized websites CGU
Subordinated loan to affiliated corporation	**–**	800.0	(800.0)	Decrease in subordinated loan to an affiliated corporation for tax consolidation purposes
Liabilities				
Accounts payable and accrued charges	**408.6**	460.5	(51.9)	Impact of current variances in activity
Income taxes payable	**84.5**	29.0	55.5	Impact of current income tax expense
Long-term debt, including short-term portion	**2,399.1**	2,127.1	272.0	See “Financing Activities” above
Subordinated loan from parent corporation	**2,280.0**	1,630.0	650.0	Increase in loan from parent corporation for tax consolidation purposes
Redeemable preferred shares	**–**	800.0	(800.0)	Redemption of preferred shares for tax consolidation purposes
Derivative financial instruments[1]	**163.9**	231.2	(67.3)	See “Financing Activities” above
Deferred income taxes	**492.1**	527.1	(35.0)	Decrease in temporary differences mainly related to derivative financial instruments
Other liabilities	**53.0**	115.2	(62.2)	Decrease in the liability related to defined benefit pension plans due to a defined benefit plan re-measurement

[1] Current and long-term liabilities less long-term assets

ADDITIONAL INFORMATION

Contractual Obligations and Other Commercial Commitments

As of December 31, 2013, our material contractual obligations included capital repayment and interest on long-term debt, operating lease arrangements, capital asset purchases and other commitments, and obligations related to derivative financial instruments.

Table 6 below shows a summary of our contractual obligations.

Table 6
Contractual obligations of the Corporation
Payments due by period as of December 31, 2013
(in millions of dollars)

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Contractual obligations[1]					
Accounts payable and accrued charges	**$ 408.6**	$ 408.6	$ –	$ –	$ –
Amounts payable to affiliated corporations	**38.3**	38.3	–	–	–
Bank credit facility	**48.2**	10.7	21.4	16.1	–
6 3/8% Senior Notes due December 15, 2015	**186.0**	–	186.0	–	–
9 1/8% Senior Notes due April 15, 2018	**353.4**	–	–	353.4	–
7 1/8% Senior Notes due January 15, 2020	**300.0**	–	–	–	300.0
6 7/8% Senior Notes due July 15, 2021	**300.0**	–	–	–	300.0
5% Senior Notes due July 15, 2022	**850.9**	–	–	–	850.9
5 5/8% Senior Notes due June 15, 2025	**400.0**	–	–	–	400.0
Interest payments[2]	**1,146.6**	134.0	317.6	278.3	416.7
Derivative financial instruments[3]	**145.8**	119.7	20.0	57.4	(51.3)
Lease commitments	**174.7**	34.6	45.0	32.4	62.7
Services and capital equipment commitments	**323.5**	62.4	79.2	63.2	118.7
Total contractual cash obligations	**$4,676.0**	**$ 808.3**	**$669.2**	**$800.8**	**$2,397.7**

[1] *Excludes obligations under subordinated loans due to Quebecor Media, our parent corporation; the proceeds of which are used to invest in Preferred Shares of an affiliated corporation for tax consolidation purposes for the Quebecor Media group.*

[2] *Estimate of interest to be paid on long-term debt is based on hedged and unhedged interest rates and hedged foreign exchange rates as of December 31, 2013.*

[3] *Estimated future disbursements, net of receipts, on derivative financial instruments related to foreign exchange hedging.*

Related Party Transactions

In addition to the related party transactions disclosed elsewhere in this annual report, the Corporation entered into the following transactions with affiliated corporations and the parent corporation. These transactions were accounted for at the consideration agreed between parties:

Table 7
Related party transactions
(in millions of dollars)

	2013	2012	2011
Ultimate parent and parent corporation:			
Revenues	**$ 0.5**	$ 0.6	$ 0.6
Purchase of goods and services	**8.5**	6.5	6.7
Operating expenses recovered	**(4.2)**	(1.2)	(2.0)
Affiliated corporations:			
Revenues	**11.0**	13.1	12.6
Purchase of goods and services	**73.2**	75.6	59.8
Operating expenses recovered	**(3.4)**	(2.5)	(3.6)

Off-Balance Sheet Arrangements

Guarantees

In the normal course of business, the Corporation enters into numerous agreements containing guarantees, including the following:

- *Operating Leases*

  The Corporation has guaranteed a portion of the residual values of certain assets under operating leases for the benefit of the lessor. Should the Corporation terminate these leases prior to term (or at the end of the lease terms) and should the fair value of the assets be less than the guaranteed residual value, then the Corporation must, under certain conditions, compensate the lessor for a portion of the shortfall. As of December 31, 2013, the maximum exposure with respect to these guarantees was $17.0 million and no liability has been recorded in the consolidated balance sheet. The Corporation has not made any payments relating to these guarantees in prior years.

- *Business and asset disposals*

  In the sale of 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 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 with 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. The Corporation has not made any payments relating to these indemnifications in prior years.

- *Guarantees Related to our Bank Credit Facilities*

  The bank credit facilities provide for a $575.0 million secured revolving credit facility that matures in July 2018 and a $75.0 million secured export financing facility providing for a term loan that matures in June 2018. The revolving credit facility bears interest at Bankers' acceptance rate, Canadian prime rate or U.S. prime rate, plus a margin, depending on the Corporation's leverage ratio. Advances under the export financing facility bear interest at Bankers' acceptance rate plus a margin. The bank credit facilities are secured by a first ranking hypothec on the universality of all tangible and intangible assets, current and future, of the Corporation and most of its wholly owned subsidiaries. As of December 31, 2013, the bank credit facilities of the Corporation were secured by assets with a carrying value of $7,013.7 million ($6,206.2 million in 2012). The bank credit facilities contain covenants such as maintaining certain financial ratios, limitations on the Corporation's ability to incur additional indebtedness, pay dividends and make other distributions. On October 29, 2013, the Corporation filed a letter of credit with Industry Canada which reduced the Corporation's availability on the revolving credit facility as of December 31, 2013 (see "Financial Position as of December 31, 2013 - Results of 700 MHz spectrum auction"). As of December 31, 2012, no amount was drawn on the revolving credit facility. As of December 31, 2013, $48.2 million ($58.9 million in 2012) was outstanding on the secured export financing facility.

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, accounts payable and accrued charges, provisions, 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 Canadian 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, (ii) to achieve a targeted balance of fixed and floating rate debts and (iii) to lock-in the value of certain derivative financial instruments through offsetting transactions. 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.

Description of Derivative Financial Instruments

Table 8
Foreign exchange forward contracts as of December 31, 2013
(in millions of dollars)

Maturity	Canadian dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Less than 1 year	1.0454	$ 85.6	US$ 81.9
2014[1]	1.0151	US$ 395.0	$ 401.0

Table 9
Cross-currency interest rate swaps as of December 31, 2013
(in millions of dollars)

Hedged item	Hedging instrument			
	Period covered	Notional amount	Annual interest rate on notional amount in Canadian dollars	Canadian dollar exchange rate on interest and capital payments per one U.S. dollar
5.000% Senior Notes due 2022[1]	2003 to 2014	US$200.0	Bankers' acceptances 3 months + 2.73%	1.3425
5.000% Senior Notes due 2022[1]	2004 to 2014	US$ 60.0	Bankers' acceptances 3 months + 2.80%	1.2000
5.000% Senior Notes due 2022[1]	2003 to 2014	US$135.0	7.66%	1.3425
6.375% Senior Notes due 2015	2005 to 2015	US$175.0	5.98%	1.1781
9.125% Senior Notes due 2018	2008 to 2018	US$ 75.0	9.64%	1.0215
9.125% Senior Notes due 2018	2009 to 2018	US$260.0	9.12%	1.2965
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

[1] The Corporation initially entered into these cross-currency rate swaps to hedge the foreign currency risk exposure under its 6.875% Senior Notes due 2014 redeemed in 2012. These swaps are now used to set in Canadian dollars all coupon payments through 2014 on US$543.1 million of notional amount under its 5.00% Senior Notes due 2022 issued on March 14, 2012. In conjunction with the repurposing of these swaps, the Corporation has entered into US$395.0 million offsetting foreign exchange forward contracts in order lock-in the value of its hedging position related to the January 15, 2014 notional exchange.

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.

The gain or loss on valuation and translation of financial instruments for the years ended December 31, 2013, 2012 and 2011 is summarized in the following table.

Table 10
Loss (gain) on valuation and translation of financial instruments
(in millions of dollars)

	2013	2012	2011
Loss (gain) on embedded derivatives	**$ 97.4**	$(80.6)	$(56.7)
Loss on reversal of embedded derivatives upon debt redemption	**67.0**	6.3	2.3
Loss (gain) on derivative financial instruments for which hedge accounting is not used	**0.4**	(1.4)	–
Gain on the ineffective portion of cash flow hedges	**(1.1)**	–	–
Loss on the ineffective portion of fair value hedges	**–**	–	0.5
	$163.7	$(75.7)	$(53.9)

A loss of $25.0 million was recorded under other comprehensive income in 2013 in relation to cash flow hedging relationships (gain of $18.9 million in 2012 and gain of $1.2 million in 2011).

Fair value of financial instruments

The fair value of long-term debt in Table 11 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 cash equivalents classified as held for trading and accounted for at their fair value on the consolidated balance sheets, is determined using inputs that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of derivative financial instruments recognized on the consolidated balance sheet 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 instrument and factors observable in external markets 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 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 fair value of early settlement options recognized as embedded derivatives is determined by option pricing models using market inputs, including volatility, discount factors and underlying instruments adjusted implicit interest rate and credit premium.

The carrying value and fair value of long-term debt and derivative financial instruments as of December 31, 2013 and 2012 are as follows:

Table 11
Fair value of long-term debt and derivative financial instruments
(in millions of dollars)

	2013		2012	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$(2,438.5)**	**$(2,474.2)**	$(2,333.0)	$(2,484.0)
Derivative financial instruments[2]				
Early settlement options	**11.8**	**11.8**	178.2	178.2
Foreign exchange forward contracts[3]	**1.8**	**1.8**	0.2	0.2
Cross-currency interest rate swaps[3]	**(165.7)**	**(165.7)**	(231.4)	(231.4)

[1] *The carrying value of long-term debt excludes embedded derivatives and financing fees.*

[2] *The fair value of the derivative financial instruments designated as hedges is in a liability position of $93.8 million as of December 31, 2013 ($165.8 million as of December 31, 2012).*

[3] *The value of foreign exchange forward contracts entered into to lock-in the value of existing hedging positions is netted from the value of the offset financial instruments.*

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.

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, 2013, no customer balance represented a significant portion of the Corporation's consolidated accounts receivable. The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. The allowance for doubtful accounts amounted to $15.7 million as of December 31, 2013 ($16.6 million as of December 31, 2012). As of December 31, 2013, 8.6% of accounts receivable were 90 days past their billing date (9.2% as of December 31, 2012).

The following table shows changes to the allowance for doubtful accounts for the years ended December 31, 2013 and 2012:

Table 12
Changes in Allowance for Doubtful Accounts
(in millions of dollars)

	2013	2012
Balance as of beginning of year	**$ 16.6**	$ 11.0
Charged to income	**36.9**	31.3
Utilization	**(37.8)**	(25.7)
Balance as of end of year	**$ 15.7**	$ 16.6

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 6.9 years as of December 31, 2013 (6.8 years as of December 31, 2012).

Market Risk

Market risk is the risk that changes in market prices due to foreign exchange rates and/or interest rates 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, handsets and cable modems and certain capital expenditures, are received or denominated in Canadian dollars. A large 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, 2013, to hedge its exposure on certain purchases of set-top boxes, handsets, cable modems and capital expenditures and to lock-in the value of certain derivative financial instruments through offsetting transactions. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The following table summarizes the estimated sensitivity on income and other comprehensive income, before income tax, of a variance of $0.10 in the year-end exchange rate of a Canadian dollar per one U.S. dollar:

Table 13
Estimated Sensitivity of Variances in Year-end Exchange Rate
(in millions of dollars)

Increase (decrease)	Income	Other comprehensive income
Increase of $0.10		
U.S.-dollar-denominated accounts payable	**$ (0.8)**	**$ –**
Gain on valuation and translation of financial instruments and derivative financial instruments	**0.9**	**25.1**
Decrease of $0.10		
U.S.-dollar-denominated accounts payable	**0.8**	**–**
Gain on valuation and translation of financial instruments and derivative financial instruments	**(0.9)**	**(25.1)**

Interest Rate Risk

The Corporation's revolving and bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) Canadian prime rate and (iii) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into various cross-currency interest rate swap agreements in order to manage cash flow and fair value risk exposure due to changes in interest rates. As of December 31, 2013, after taking into account the hedging instruments, long-term debt was comprised of 83.6% fixed rate debt (83.1% in 2012) and 16.4% floating rate debt (16.9% in 2012).

The estimated sensitivity on interest payments of a 100 basis point variance in the year-end Canadian Banker's acceptance rate as of December 31, 2013 is $4.1 million.

The estimated sensitivity on income and other comprehensive income, before income tax, of a 100 basis point variance in the discount rate used to calculate the fair value of financial instruments, as per the Corporation's valuation model, is as follows:

Table 14
Estimated Sensitivity of Variances in the Discount Rate
(in millions of dollars)

Increase (decrease)	Income	Other comprehensive income
Increase of 100 basis points	**$–**	**$(0.3)**
Decrease of 100 basis points	**–**	**0.3**

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. Management of the capital structure involves the issuance of new debt, the repayment of existing debt using cash flows generated by operations, and the level of distributions to the parent corporation. 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, long-term debt and net assets and liabilities related to derivative financial instruments, less cash and cash equivalents. The capital structure as of December 31, 2013 and 2012 is as follows:

Table 15
Capital Structure of the Corporation
(in millions of dollars)

	December 31, 2013	December 31, 2012
Long-term debt	**$ 2,399.1**	$ 2,127.1
Derivative financial instruments	**163.9**	231.2
Cash and cash equivalents	**(322.5)**	(163.2)
Net liabilities	**2,240.5**	2,195.1
Equity	**$ 821.8**	$ 774.3

The Corporation is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its borrowing agreements, which relate to permitted investments, inter-corporation transactions, and the declaration and payment of dividends or other distributions.

Contingencies and legal disputes

There are a number of legal proceedings against the Corporation and its subsidiaries that are pending. In the opinion of the management of the Corporation and its subsidiaries, the outcome of those proceedings is not expected to have a material adverse effect on the Corporation's results or on its financial position.

Management of the Corporation, after taking legal advice, has established provisions for specific claims or actions considering the facts of each case. The Corporation cannot determine when and if a payment related to these provisions will be made.

Critical Accounting Policies and Estimates

Revenue recognition

The Corporation recognizes operating revenues when the following criteria are met:

- the amount of revenue can be measured reliably;
- the receipt of economic benefits associated with the transaction is probable;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- the stage of completion can be measured reliably where services have been rendered; and
- significant risks and rewards of ownership, including effective control, have been transferred to the buyer where goods have been sold.

The portion of revenue that is unearned is recorded under "Deferred revenue" when customers are invoiced.

Revenue recognition policies for each of the Corporation's main product lines are as follows:

The cable and mobile services are provided under arrangements with multiple deliverables, for which there are two separate accounting units: one for subscriber services (cable television, Internet, cable telephony or mobile telephony, including connection costs and rental of equipment); the other for equipment sales to subscribers. Components of multiple deliverable arrangements are separately accounted for, provided the delivered elements have stand-alone value to the customer and the fair value of any undelivered elements can be objectively and reliably determined. Arrangement consideration is allocated among the separate accounting units based on their relative fair values.

Cable connection revenues are deferred and recognized as revenues over the estimated average period that subscribers are expected to remain connected to the network. The incremental and direct costs related to cable connection costs, in an amount not exceeding the revenue, are deferred and recognized as an operating expense over the same period. The excess of those costs over the related revenues is recognized immediately in income. Operating revenues from cable and other services, such as Internet access, cable and mobile telephony, are recognized when services are rendered. Promotional offers and rebates are accounted for as a reduction in the service revenue to which they relate. Revenues from equipment sales to subscribers and their costs are recognized in income when the equipment is delivered. Promotional offers related to equipment sales, with the exclusion of mobile devices, are accounted for as a reduction of related equipment sales on delivery while promotional offers related to the sale of mobile devices are accounted for as a reduction of related equipment sales on activation. Operating revenues related to service contracts are recognized in income over the life of the specific contracts on a straight-line basis over the period in which the services are provided.

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, other 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 to sell and the value in use of the asset or the CGU. Fair value less costs to sell 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 value in use, 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 range of growth rates 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 adjusted. The perpetual growth rate was 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 up to the extent that the resulting carrying value does not exceed the carrying value that would have been the result if no impairment losses had been previously recognized.

When determining the fair value, less costs to sell, of an asset or CGU, the appraisal 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 value in use 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 value of money as represented by a risk-free rate, and the risk premium associated with the asset or CGU.

Therefore, judgment used in determining the recoverable amount of an asset or a CGU may affect the amount of the impairment loss of an asset or a CGU to be recorded, 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 at this time there is no material number of long-lived assets with finite useful lives, or goodwill and intangible assets with indefinite useful lives on its books that present a significant risk of impairment in the near future.

The net book value of goodwill as of December 31, 2013 was $429.3 million.

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 items and hedged items, as well as its strategy for using hedges and its risk-management objectives. 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 derivative financial instruments when the hedge is put in place 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. The Corporation also uses foreign exchange forward contracts in combination with cross-currency interest rate swaps to hedge foreign currency rate exposure on interest and principal payments on long-term debt. 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.

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 these 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, such as early settlement options on long-term debt, 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 income as a gain or loss on valuation and translation of financial instruments.

Early settlement options are not considered closely related to their debt contract and are accordingly accounted for separately from the debt when the corresponding option exercise price is not approximately equal to the amortized cost of the debt.

The judgment used in determining the fair value of derivative financial instruments and the non-performance risk, using valuation models, may affect the value of the gain or loss on valuation and translation of financial instruments reported in the consolidated statements of income, and the value of the gain or loss on derivative financial instruments reported in the consolidated statements of comprehensive income. Also, valuation and financial models are based on a number of assumptions including future cash flows, period end swap rates, foreign exchange rates, credit default premium, volatility, discount factors, and underlying instruments adjusted implicit interest rate and credit premium.

Pension and post-retirement benefits

The Corporation offers defined benefit pension plans and defined contribution pension plans to some of its employees.

Defined benefit obligations with respect to defined benefit pension plan and postretirement benefits plan 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 Videotron'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 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 to which 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, for the purpose of calculating the limit on the net benefit asset, is based on a number of assumptions, including future service costs and reductions in 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 these assumptions could have a material impact on the costs and obligations of pension plans and post-retirement benefits in future periods.

Allowance for doubtful accounts

The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends.

Stock-based compensation

Stock-based awards to employees that call for settlement in cash or other assets at the option of the employee 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.

Estimates of the fair value of stock option awards are 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, the dividend yield, the expected volatility and the expected remaining life of the option.

The judgment and assumptions used in determining the fair value of liability classified stock-based awards may have an effect on the compensation cost recorded in the statements of income.

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.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the statement of income in the period in which changes occur.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time, and is adjusted for the time value when material.

No amounts are recognized for obligations that are possible but not probable or for those for which an amount cannot be reasonably estimated.

Deferred 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 subsequently reduced, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized in other comprehensive income or otherwise 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.

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 taxes realized could be slightly different from that recorded, since it is influenced by the Corporation’s future operating results.

The Corporation is at all times under audit 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 final outcome is difficult to predict.

Changes in Accounting policies

On January 1, 2013, the Corporation adopted retrospectively the following standards. Unless otherwise indicated, the adoption of these new standards did not have a material impact on prior period comparative figures.

(i) IFRS 10 Consolidated Financial Statements replaces SIC 12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements* and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent corporation.

(ii) IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interest in joint ventures. The new standard requires that such interests be recognized using the equity method.

(iii) IFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles.

(iv) IFRS 13 *Fair Value Measurement* is a new and comprehensive standard that sets out a framework for measuring at fair value and that provides guidance on required disclosures about fair value measurements.

(v) IAS 1 *Presentation of Financial Statements* was amended and the principal change resulting from amendments to this standard is the requirement to present separately other comprehensive items that may be reclassified to income and other comprehensive items that will not be reclassified to income.

(vi) IAS 19 *Employee Benefits (Amended)* involves, among other changes, the immediate recognition of the re-measurement component in other comprehensive income, thereby removing the accounting option previously available in IAS 19 to recognize or to defer recognition of changes in defined benefit obligations and in the fair value of plan assets directly in the consolidated statement of income. IAS 19 also introduces a net interest approach that replaces the expected return on assets and interest costs on the defined benefit obligation with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. In addition, all past service costs are required to be recognized in profit or loss when the employee benefit plan is amended and no longer spread over any future service period. IAS 19 also allows amounts recorded in other comprehensive income to be recognized either immediately in retained earnings or as a separate category within equity. The Corporation chose to recognize amounts recorded in other comprehensive income in accumulated other comprehensive income.

The adoption of the amended standard had the following impacts on prior period figures:

Consolidated statements of income Increase (decrease)	**2012**	2011
Employee costs	**$ 128**	$ 452
Financial expenses	**3,479**	2,105
Deferred income taxes	**(970)**	(688)
Income from continuing operations	**$(2,637)**	$(1,869)
Income from continuing operations attributable to:		
Shareholder	**$(2,637)**	$(1,869)
Non-controlling interests	**—**	—

Consolidated statements of comprehensive income

Increase (decrease)	2012	2011
Net income	**$ (2,637)**	$ (1,869)
Re-measurement loss	**(3,607)**	(2,557)
Deferred income taxes	**970**	688
Comprehensive income	**$ —**	$ —

Consolidated balance sheets

Increase (decrease)	2012	2011
Retained earnings	**$ 35,914**	$ 27,821
Accumulated other comprehensive loss	**(35,914)**	(27,821)

Recent Accounting Pronouncements

Based on current facts and circumstances, the Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements.

(i) *IFRS 9 – Financial Instruments* is required to be applied retrospectively with early adoption permitted.

IFRS 9 simplifies the measurement and classification for financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

(ii) *IFRIC 21 – Levies* is required to be applied retrospectively for periods beginning January 1, 2014.

IFRIC 21 clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment.

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 19, 2013:

Name and Municipality of Residence	Age	Position
FRANÇOISE BERTRAND Town of Mount Royal, Québec	65	Director and Chairperson of the Board
ROBERT DÉPATIE Rosemère, Québec	55	Director and Chief Executive Officer
JEAN LA COUTURE, FCPA, FCA(1) Montréal, Québec	67	Director and Chairman of the Audit Committee
PIERRE LAURIN (1) Nuns' Island, Québec	74	Director
A. MICHEL LAVIGNE, FCPA, FCA(1) Laval, Québec	63	Director
MANON BROUILLETTE Outremont, Québec	45	President and Chief Operating Officer
MYRIANNE COLLIN Montréal, Québec	40	Senior Vice President, Strategy and Market Development
JEAN NOVAK Beaconsfield, Québec	50	President, Videotron Business Solutions and Senior Vice President, Sales Channel
MARIE-JOSÉE MARSAN Montréal, Québec	52	Vice President, Finance and Chief Financial Officer
PIERRE BONIN Westmount, Québec	51	Vice President, Information Technology
SYLVAIN BROSSEAU Varennes, Québec	50	Senior Vice President, Operations, Customer Service
DANIEL PROULX Montréal, Québec	56	Chief Technological Officer
MARIE PIUZE Pierrefonds, Québec	45	Vice President, Control
CHLOÉ POIRIER Nun's Island, Québec	44	Vice President and Treasurer
CLAUDINE TREMBLAY Montréal, Québec	60	Vice President and Secretary
DOMINIQUE FORTIN Boucherville, Québec	51	Assistant Secretary

(1) Member of the Audit Committee

Françoise Bertrand, *Director and Chairperson of the Board.* Ms. Bertrand was appointed as Chairperson of the Board of Videotron and of Quebecor Media on March 12, 2014. She is a Director of Videotron since May 2013. Ms. Bertrand has served as Chairperson of the Board of Directors of Quebecor since 2011 and as Director of Quebecor since 2003. She also serves as a Director of Quebecor Media since May 2013. Ms. Bertrand is also Chairperson of the Compensation Committee of Quebecor and of Quebecor Media and a member of the Corporate Governance and Nominating Committee of Quebecor.

Ms. Bertrand is President and Chief Executive Officer of the Fédération des chambres de commerce du Québec since 2003. Prior to taking on the role of President and Chief Executive Officer of the Fédération des chambres de commerce du Québec, Françoise Bertrand gained prominence as President of the Canadian Radio-Television and Telecommunications Commission (CRTC) from 1996 to 2001 and as President and Chief Executive Officer of the Société de radio-télévision du Québec (Télé-Québec) from 1988 to 1995. She also served as Dean, Resource management, at the Université du Québec (UQAM) in Montréal. She is a member of numerous charitable organizations and is an active participant in a number of associations. Ms. Bertrand attended the Directors Education Program provided by McGill University, and certified by the Institute of Corporate Directors. She is an officer of the Order of Canada, a member of *l'Ordre National du Québec* and a *Chevalier de la Légion d'honneur* (France).

***Robert Dépatie**, Chief Executive Officer.* Mr. Dépatie was appointed as Director of Videotron, Quebecor, Quebecor Media and TVA Group on March 12, 2014. Mr. Dépatie was appointed Chief Executive Officer of Videotron in May 2013. He has also served as President and Chief Executive of Quebecor and Quebecor Media since May 2013. Mr. Dépatie was President and Chief Executive Officer of Videotron from June 2003 to May 2013. Mr. Dépatie served as a Director of the Corporation from June 2003 until October 2005. He joined the Corporation in December 2001 as Senior Vice President, Sales, Marketing and Customer Service. Before joining us, Mr. Dépatie held numerous senior positions in the food distribution industry, such as President of Distributions Alimentaires Le Marquis/Planters from 1999 to 2001 and General Manager of Les Aliments Small-Fry (Humpty Dumpty) from 1998 to 1999. From 1988 to 1998, he held various senior positions with H.J. Heinz Canada Ltd., such as Executive Vice-President from 1993 to 1998.

***Jean La Couture**, FCPA, FCA, Director and Chairman of the Audit Committee.* Mr. La Couture has served as a Director and as Chairman of our Audit Committee since October 2003. Mr. La Couture is as Director and Chairman of the Audit Committee of Quebecor and Quebecor Media. He was a Director of Quebecor World Inc. from December 2007 until December 2008. Mr. La Couture, a Fellow Chartered Professional Accountant, is President of Huis Clos Ltée., a management and mediation firm. He is also President of the *Regroupement des assureurs de personnes à charte du Québec* (RACQ), a position he has held since August 1995. He headed Le Groupe Mallette (an accounting firm) before becoming, from 1990 to 1994, President and Chief Executive Officer of The Guarantee Company of North America. He is Chairman of the Board of Directors of Innergex Renewable Energy Inc., Chairman of the Board of Directors and a member of the Human Resources Committee of Groupe Pomerleau (a Québec-based construction company) and a Director and Chairman of the Risk Management Committee of the *Caisse de dépôt et placement du Québec*.

***Pierre Laurin,** Director and member of the Audit Committee.* Mr. Laurin is a director and member of the Audit Committee of Videotron since May 2013. Mr. Laurin has served as a Director of Quebecor since 1991. He also serves as Chairman of the Corporate Governance and Nominating Committee of Quebecor, as a member of the Compensation Committee and as a member of the Audit Committee of Quebecor and of Quebecor Media. Mr. Laurin was Chairman of the Board of Atrium Innovations Inc., a manufacturer and marketer of products for the health care nutrition industry, from its beginning in 2000 until it was privatised in 2014. For a major part of his career, Pierre Laurin headed HEC Montréal (previously known as l'École des Hautes Études Commerciales) after which he moved over to the position of Vice-President, Planning and Administration, at Aluminium Company of Canada. He was then founding President of SOCCRENT, a venture capital company, and thereafter, President of Merrill Lynch, Quebec. He is an Officer of the Order of Canada, and a *Chevalier de l'Ordre du Mérite de la République française*.

***A. Michel Lavigne**, FCPA, FCA, Director and member of the Audit Committee.* Mr. Lavigne has served as a Director of Videotron and as a member of its Audit Committee since June 30, 2005. Since that date, Mr. Lavigne has also served as a Director and a member of the Audit Committee and the Compensation Committee of Quebecor, Quebecor Media and TVA Group. He also is a Director and member of the Audit Committee and of the Compensation Committee of Quebecor since May 2013. Mr. Lavigne is a Director, a member of the Audit Committee and the Chairman of the Pension Plans Committee of Canada Post, a Director and member of the Audit Committee of Laurentian Bank of Canada, the Chairman of the Board of Directors of Teraxion Inc. and Director and Chairman of the Audit Committee of Primary Energy Recycling Corporation. Until May 2005, he served as President and Chief Executive Officer of Raymond Chabot Grant Thornton in Montréal, Québec, as Chairman of the Board of Grant Thornton Canada and as a member of the Board of Governors of Grant Thornton International. Mr. Lavigne is a Fellow Chartered Professional Accountant of the *Ordre des comptables professionnels agréés du Québec* and a member of the Canadian Institute of Chartered Accountants since 1973.

***Manon Brouillette**, President and Chief Operating Officer.* In May 2013, Ms. Brouillette was promoted President and chief Operating Officer of Videotron. From January 2012 to May 2013, she acted as President, Consumer Market. She acted as Executive Vice President, Strategy and Market Development of Videotron from March 2009 to January 2012. From January 2011 to May 2012, she also acted as Vice President and Chief Digital Officer of Quebecor Media. From June 2008 to March 2009, she acted as Senior Vice President, Strategic Development and Market Development of Quebecor Media. She joined Videotron in July 2004 and acted as Vice President, Marketing, from July 2004 to January 2005, as Vice President, New Product Development, from January 2005 to August 2006 and as Senior Vice President, Marketing, Content and New Product Development, from September 2006 to June 2008. Before joining the Corporation, Ms. Brouillette was Vice President, Marketing and Communications of the San Francisco Group from April 2003 to February 2004. She was also responsible for the national and regional accounts of the Blitz division of Groupe Cossette Communication Marketing from April 2002 to April 2003. From September 1998 to April 2002, she worked at Publicité Martin inc. Ms. Brouillette holds a Bachelor's degree in communications with a minor in marketing from *Université Laval.*

***Myrianne Collin**, Senior Vice President, Strategy and Market Development.* Ms. Collin was promoted to her current position in December 2011. She had served as Vice President, Marketing, Consumer division since June 2008. She joined Videotron in April 2005 as Senior Director Marketing, Cable Telephony and Bundling. In September 2006, Ms. Collin was appointed Senior Director, Broadcast Services & Relationship Marketing. From 1995 to 2005, Ms. Collin held various positions with Bell Canada and Alliance Data System (Air Miles). She holds a Bachelor's degree in marketing from *Université de Sherbrooke*.

***Jean Novak**, President, Videotron Business Solutions and Senior Vice President, Sales Channel.* Mr. Novak was appointed to his current position in May 2013. He has served as President, Videotron Business Solutions since January 2005. Mr. Novak joined Videotron in May 2004 as Vice President, Sales. Between 1988 and May 2004, Mr. Novak held various management positions in sales and distribution for Molson Breweries, Canada's largest brewing company, including General Manager for all on premise accounts and the Montréal sales region as well as Manager, Customer Service and Telesales in Québec. Mr. Novak holds a Bachelor's degree in marketing from the HEC Montréal.

***Marie-Josée Marsan**, Vice President, Finance and Chief Financial Officer.* Ms. Marsan has been Videotron's Vice President, Finance and Chief Financial Officer since June 2008. She joined Videotron in July 2006 as Vice President, Control. Before joining us, Ms. Marsan held various senior positions mainly in the television & film industry, such as First Director of Finance and Administration at the Canadian Broadcast Company (CBC) from 1999 to 2006 and Vice-President, Finance and Business Development for Groupe Covitec inc., today known as Technicolor, from 1994 to 1999. Prior to that, she worked for TVA Group Inc. as Director of Production and held various financial positions at General Motors of Canada. Ms. Marsan holds a bachelor's degree in Finance from the HEC Montréal, a Master's degree in Finance issued jointly by York University and HEC Montréal. She is also a Chartered Professional Accountant of the *Ordre des comptables professionnels agréés du Québec*.

***Pierre Bonin**, Vice President, Information Technology.* Mr. Bonin was appointed Vice President, Information Technology in March 2014. Prior to joining the Corporation, Mr. Bonin was President and Chief Executive Officer of StrongKase Enterprise Inc., a private equity firm where, from 2005 to 2014, he has been actively involved in the data center industry through various investments and ventures. Prior to 2005, Mr. Bonin held various executive positions in the telecommunication industry as Executive Vice President and Chief Information Technology Officer at Microcell Telecommunications Inc. (FIDO), Vice President Information Technology as well as Vice President Finance and Administration at Bell Canada. Mr. Bonin graduated in Mathematics and Computer Science from *Université de Sherbrooke* and received an MBA from HEC Montreal. He holds the designation of Chartered Director from the *Collège des administrateurs de sociétés (CAS)* of *l'Université Laval* and from The Directors College of McMaster University.

***Sylvain Brosseau**. Senior Vice President, Operations, Customer Service.* Mr. Brosseau was appointed to his current position in May 2013. He has served as Vice President, Customer Service, Consumer division since July 2003. Mr. Brosseau has held various management positions within Videotron since joining the Corporation in 1996.

***Daniel Proulx**, Chief Technological Officer.* Mr. Proulx was appointed Chief Technological Officer in April 2011. Prior to his appointment, he had served as Vice President, Engineering since July 2003 and as Vice President, Information Technology since July 2002. Mr. Proulx has held various management positions within Videotron since joining the Corporation in 1995. Mr. Proulx holds a Bachelor's degree in Engineering from *l'École polytechnique de Montréal.*

***Marie Piuze**, Vice President, Control.* Ms. Piuze joined Videotron in September 2008. Prior to joining the Corporation, Ms. Piuze was Financial Controller at CGI from 2005 to 2008. Ms. Piuze held various financial positions in the telecommunication and software industry mainly at Microcell, Téléglobe and Softimage. She started her career at Coopérative Fédérée de Québec in 1994. Ms. Piuze holds a Bachelor's degree in Finance from HEC Montréal. She is also a Chartered Professional Accountant of the *Ordre des comptables professionnels agréés du Québec*.

***Chloé Poirier**, Vice President and Treasurer.* Ms. Poirier was promoted Vice President and Treasurer in June 2013 from her previous position as Treasurer, a position she held since August 2009. She also serves as Vice President and Treasurer of Quebecor and Quebecor Media and as Treasurer of Sun Media Corporation. Ms. Poirier joined the Corporation in 2001 as Director, Treasury /

Assistant Treasurer, Treasury Operations. Prior to that, she was Analyst, Treasury and Finance with Natrel inc./Agropur from 1997 to 2001 and trader at the *Caisse de dépôt et placement du Québec* from 1995 to 1997. She is a Chartered Financial Analyst (CFA) and holds a Bachelor's degree in Actuarial Science and an MBA from *Université Laval*.

***Claudine Tremblay**, Vice President and Secretary.* Ms. Tremblay was appointed Vice President and Secretary in April 2009. She holds the same position within Quebecor, Quebecor Media, TVA Group and Sun Media Corporation. Prior

to her appointment to her current position, Ms. Tremblay was Senior Director, Corporate Secretariat for Quebecor Media, Quebecor World Inc. and Quebecor from 2003 to December 2007. Prior to joining the Quebecor group of companies as Assistant Secretary in 1987, Ms. Tremblay was Assistant Secretary and Administrative Assistant at National Bank of Canada from 1979 to 1987. She has also been a member of the *Chambre des notaires du Québec* since 1977.

Dominique Fortin, *Assistant Secretary.* Ms. Fortin was appointed Assistant Secretary of Videotron in March 2013. Ms. Fortin joined Quebecor Media in March 2013 as Director, Compliance and Assistant Secretary. She is also Assistant Secretary of Quebecor, TVA Group and Sun Media Corporation. Before joining Quebecor Media, Ms. Fortin was Director, Legal Affairs of Transat A.T. Inc. from 2009 to 2012. Prior to that, Ms. Fortin practiced law at Ogilvy Renault LLP (now Norton Rose Fulbright Canada LLP), Desjardins Ducharme LLP and Davies Ward Phillips & Vineberg LLP for 20 years. She has been a member of the *Barreau du Québec* since 1985.

Changes to the Board of Directors

On March 9, 2014, following the end of the period covered by this annual report, Quebecor announced that, following his decision to run for public office in the provincial elections, Pierre Karl Péladeau resigned as Chairman and member of the Board of Directors of Videotron. If Mr. Péladeau is elected to the Quebec's National Assembly on April 7, 2014, the date of the upcoming provincial election, then, to the extent required by applicable law and regulation, Mr. Péladeau is expected to place his interests in the parent corporation Quebecor in a mandate, agency, or other structure in accordance with applicable law and regulation.

On March 12, 2014, Ms. Françoise Bertrand was appointed Chairperson of the Board of Directors of Videotron in replacement of Pierre Karl Péladeau. In addition, Mr. Robert Dépatie, the current Chief Executive Officer of Videotron was appointed Director of Videotron.

B- Compensation

Our Directors do not receive any remuneration for acting in their capacity as directors of Videotron. Until June 30, 2013, the members of our Audit Committee did, however, receive attendance fees of $3,000 per meeting and the Chairman of our Audit Committee (currently, Mr. La Couture) received an annual fee of $6,000 to act in such capacity. Starting July 1, 2013, the Chairman of our Audit Committee receives an annual fee of $25,000 while the two other members receive an annual fee of $10,000. Our Directors are reimbursed for their reasonable out-of-pocket expenses incurred in connection with meetings of our Board of Directors and our Audit Committee. During the financial year ended December 31, 2013, the amount of compensation (including benefits in kind) paid to our seven directors for services in all capacities to Videotron and its subsidiaries was $93,500. None of our directors have contracts with us or any of our subsidiaries that provide for benefits upon termination of employment.

The aggregate amount of compensation we paid for the year ended December 31, 2013 to our executive officers as a group, excluding those who are also executive officers of, and compensated by, Quebecor Media, was approximately $10.0 million, including salaries, bonuses and profit-sharing payments.

Quebecor Media's Stock Option Plan

Under a stock option plan established by Quebecor Media, 6,180,140 common shares of Quebecor Media (representing 6% of all 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, including Videotron. 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 Quebecor Media common shares at the date of grant, as determined by its Board of Directors (if Quebecor Media common shares 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. 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, as determined by Quebecor Media's 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 Quebecor Media's Compensation Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by Quebecor Media's Compensation 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. 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, 2013, 200,711 options were granted under this plan to executive officers of Videotron (excluding directors, officers and employees who, at the date of grant, were directors, officers or employees at multiple Quebecor Media group of companies). During the year ended December 31, 2013, a total of 286,278 options were exercised by officers and employees of Videotron, for aggregate gross value realized of $5.9 million. The 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, 2013, an aggregate total of 273,061 options granted to directors, officers and employees of Videotron (excluding directors, officers and employees who, at the date of grant, were directors, officers or employees at multiple Quebecor Media group companies) remain outstanding, with a weighted average exercise price of $54.00 per share, as determined by Quebecor Media's Compensation Committee. For more information on this stock option plan, see Note 21 to our audited consolidated financial statements included under "Item 18. Financial Statements" of this annual report.

Pension Benefits

Both Quebecor Media and Videotron maintain pension plans for our non-unionized employees and certain officers.

Videotron's pension plan provides pension benefits to our executive officers equal to 2.0% of salary (excluding bonuses) for each year of membership in the plan. The pension benefits so calculated are payable at the normal retirement age of 65 years, or sooner at the election of the executive officer, subject to an early retirement reduction. In addition, the pension benefits may be deferred, but not beyond the age limit under the relevant provisions of the *Income Tax Act* (Canada), in which case the pension benefits are adjusted to take into account the delay in their payment in relation to the normal retirement age. The maximum pension benefits payable under our pension plan are as prescribed under the *Income Tax Act* (Canada). An executive officer contributes to this plan an amount equals to 5.0% of his or her salary up to a maximum of $6,925 in respect of 2014. Videotron changed this pension plan to a defined contribution plan for new employees hired on and after May 1, 2012.

Quebecor Media's pension plan provides greater pension benefits to eligible executive officers than it does to other employees. The higher pension benefits under this plan equal 2.0% of 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 of 65 years, or sooner at the election of the executive officer, and from the age of 61 years without early retirement reduction. In addition, the pension benefits may be deferred, but not beyond the age limit under the relevant provisions of the *Income Tax Act* (Canada), in which case the pension benefits are adjusted to take into account the delay in their payment in relation to the normal retirement age. The maximum pension benefits payable under Quebecor Media's pension plan are as prescribed by the *Income Tax Act* (Canada). An executive officer contributes to this plan an amount equals to 5.0% of his or her salary up to a maximum of $6,925 in 2014. Videotron has no liability regarding Quebecor Media's pension plan. Quebecor Media closed this pension plan to all new employees hired on and after December 27, 2008. New employees are eligible to enroll in a retirement savings plan.

The table below indicates the annual pension benefits that would be payable at the normal retirement age of 65 years under both Quebecor Media's and our pension plans:

	Years of Participation				
Compensation	**10**	**15**	**20**	**25**	**30**
$138,500 or more	$ 27,700	$ 41,500	$ 55,400	$ 69,250	$ 83,100

Supplemental Retirement Benefit Plan ("SERP") for Designated Executives

In addition to the pension plans in force, Videotron provides supplemental retirement benefits to certain designated executives. One senior executive officer of Videotron is a participant in a SERP.

The benefits payable to our senior executive officer who participates in our SERP are calculated using the same formula as for the basic pension plan, but without having to comply with the limit imposed by the *Income Tax Act* (Canada), less the pension payable under the basic pension plan. The benefits so calculated are payable at the normal retirement age of 65 years, or sooner at the election of the senior executive officer, subject to an early retirement reduction. Upon a beneficiary's death, our supplemental retirement benefit plan provides for the payment of a survivor pension to the eligible surviving spouse, which represents 60.0% of the retiree's pension.

As of December 31, 2013, we had one senior executive officer that was a participant in our supplemental retirement benefit plan. The participant had ten years of credited service.

	Years of Credited Service				
Compensation	**10**	**15**	**20**	**25**	**30**
$200,000	$ 12,300	$ 18,450	$ 24,600	$ 30,750	$ 36,900
$300,000	$ 32,300	$ 48,450	$ 64,600	$ 80,750	$ 96,900
$400,000	$ 52,300	$ 78,450	$104,600	$130,750	$156,900
$500,000	$ 72,300	$108,450	$144,600	$180,750	$216,900
$600,000	$ 92,300	$138,450	$184,600	$230,750	$276,900
$800,000	$132,300	$198,450	$264,600	$330,750	$396,900
$1,000,000	$172,300	$258,450	$344,600	$430,750	$516,900
$1,200,000	$212,300	$318,450	$424,600	$530,750	$636,900
$1,400,000	$252,300	$378,450	$504,600	$630,750	$756,900

Liability Insurance

Quebecor carries liability insurance for the benefit of its directors and officers, as well as for the directors and officers of its subsidiaries, including Videotron and our 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, which is then reimbursed by Quebecor Media and its subsidiaries, including Videotron, for their rateable portion thereof.

C- Board Practices

Reference is made to "— Directors and Executive Officers" above for the current term of office, if applicable, and the period during which our directors and senior management have served in that office.

There are no directors' service contracts with us or any of our subsidiaries providing for benefits upon termination of employment.

Our Board of Directors is comprised of five directors. Each director is nominated and elected by Quebecor Media, our parent corporation, to serve until a successor director is elected or appointed. Our Board of Directors has an Audit Committee, but we do not have a compensation committee. The Compensation Committee of Quebecor Media decides certain matters relating to the compensation of officers and employees of Videotron, including certain matters relating to the Quebecor Media stock option plan, as discussed above.

Audit Committee

Videotron's Audit Committee, is currently composed of three Directors, namely Messrs. Jean La Couture, Pierre Laurin and A. Michel Lavigne. Mr. La Couture is the Chairman of our Audit Committee and our Board of Directors has determined that Mr. La Couture 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. It also reviews and approves our Code of Ethics for our President and Chief Executive Officer and principal financial officers.

D- Employees

At December 31, 2013, we had approximately 6,310 employees. At December 31, 2012 and 2011, we had approximately 6,460 and 6,230 employees, respectively (excluding, at December 31, 2013, the employees of Jobboom inc., which was sold in 2013). Substantially all of our employees are based and work in the Province of Quebec. Approximately 3,900 of our employees are unionized, and the terms of their employment are governed by one of our five regional collective bargaining agreements. Our most important collective bargaining agreement, covering our unionized employees in the Montréal region, had terms extending to December 31, 2013. We also have two collective bargaining agreements covering our unionized employees in the Québec and Saguenay regions, with terms running through December 31, 2018 and December 31, 2019 respectively. Our Gatineau region collective bargaining agreement has a term extending to August 31, 2015, and one other collective bargaining agreement, covering approximately 70 employees of our SETTE inc. subsidiary has a term extending to December 31, 2015. Negotiations regarding the Montréal collective bargaining agreement are in progress.

E- Share Ownership

No Videotron equity securities are held by any of our directors or senior executive officers.

ITEM 7 – MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A- Major Shareholders

We are a wholly-owned subsidiary of Quebecor Media, a leading Canadian-based media and telecommunications company with interests in newspaper publishing operations, television broadcasting, telecommunications, book and magazine publishing and new media services. Through these interests, Quebecor Media holds leading positions in the creation, promotion and distribution of news, entertainment and Internet related services that are designed to appeal to audiences in every demographic category.

Quebecor holds, directly and indirectly, 77,812,366 common shares of Quebecor Media, representing a 75.4% voting and equity interest in Quebecor Media and CDPQ, indirectly holds 25,439,134 shares of Quebecor Media, representing a 24.6% interest in Quebecor Media. The primary asset of Quebecor, a communications holding company, is its interest in Quebecor Media. CDPQ is one of Canada's largest pension fund managers.

B- Related Party Transactions

The Corporation enters into related party transactions from time to time. These related party transactions are further described under "Item 5. Operating and Financial Review and Prospects – Cash Flow and Financial Position –

Financial Position as of December 31, 2013" and in Note 8, in Note 9, in Note 11 and in Note 26 to our audited consolidated financial statements included under "Item 18. Financial Statements" in this annual report. These related party transactions have been accounted for at the consideration agreed between parties:

	As of December 31,		
	2013	2012	2011
	(in thousands of dollars)		
Ultimate Parent and Parent Corporation:			
Revenues	$ 541	$ 553	$ 620
Purchase of goods and services	8,508	6,539	6,728
Operating expenses recovered	(4,207)	(1,154)	(1,955)
Affiliated Corporations:			
Revenues	11,019	13,084	12,573
Purchase of goods and services	73,193	75,641	59,768
Operating expenses recovered	(3,418)	(2,496)	(3,556)

Management fee

The Corporation pays annual management fees to the parent corporation for services rendered to the Corporation, including internal audit, legal and corporate, financial planning and treasury, tax, real estate, human resources, risk management, public relations and other services. Management fees amounted to $45.0 million in 2013, $34.6 million in 2012 and $26.4 million in 2011. The agreement provides for an annual management fee to be agreed upon for the year 2014. In addition, the parent corporation is entitled to the reimbursement of out-of-pocket expenses incurred in connection with the services provided under the agreement.

Income tax transactions

On September 20, 2013, the Corporation contracted a subordinated loan of $3.25 billion from Quebecor Media, bearing interest at a rate of 10.75%, payable every six months on June 20 and December 20, and maturing on September 20, 2043. On the same day, the Corporation invested the total proceeds of $3.25 billion into 3,250,000 preferred shares, Series B, of 9101-0835 Québec Inc., a subsidiary of Quebecor Media These shares carry the right to receive an annual dividend of 10.85%, payable semi-annually.

On December 27, 2013, 9101-0835 Québec Inc., a subsidiary of Quebecor Media, redeemed 2,600,000 preferred shares, Series B, for a total cash consideration of $2.6 billion, including cumulative dividends of $5.4 million. On the same day, the Corporation used the total proceeds of $2.6 billion to repay part of its subordinated loan contracted from Quebecor Media.

On October 31, 2012, Vidéotron Infrastructures inc., a wholly owned subsidiary of the Corporation, issued a subordinated loan of $800.0 million to Le SuperClub Vidéotron, now a wholly owned subsidiary of Quebecor Media, bearing interest at a rate of 11.00% payable every 6 months on June 20 and December 20 and maturing on October 31, 2027. On the same day, Vidéotron Infrastructures inc. issued 800,000 preferred shares, Class G to Le SuperClub Vidéotron for a total cash consideration of $800.0 million. These shares carry the right to receive an annual dividend of 11.25%, payable semi-annually.

On January 21, 2013, Vidéotron Infrastructures inc. redeemed from Le SuperClub Vidéotron 720,000 preferred shares, Class G, for a total cash consideration of $720.0 million, including cumulative dividend of $7.1 million. On the same day, Le SuperClub Vidéotron used the total proceeds of $720.0 million to repay a portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

On October 18, 2013, Vidéotron Infrastructures inc. redeemed from Le SuperClub Vidéotron 80,000 preferred shares, Class G, for a total cash consideration of $80.0 million, including cumulative unpaid dividend of $3.0 million. On the same day, Le SuperClub Vidéotron used the total proceeds of $80.0 million to repay the outstanding portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

The above transactions were carried out for tax consolidation purposes of Quebecor Media and its subsidiaries, on terms equivalent to those that prevail on an arm's length basis and accounted for at the consideration agreed between parties.

Purchase of shares of Quebecor Media and subsidiary subordinated loans

Unlike corporations in the United States, corporations in Canada are not permitted to file consolidated tax returns. As a result, we enter into certain transactions from time to time that have the effect of using tax losses within the Quebecor Media Group. These transactions are described further under "Item 5. Operating and Financial Review and Prospects – Cash Flow and Financial Position – Financial Position as of December 31, 2013" and in Note 11 and in Note 26 to our audited consolidated financial statements which are included under "Item 18. Financial Statements" in this annual report.

C- Interests of Experts and Counsel

Not applicable.

ITEM 8 – FINANCIAL INFORMATION

A- Consolidated Statements and Other Financial Information

Our consolidated balance sheets as at December 31, 2013 and 2012, and our consolidated statements of income, comprehensive income, equity and cash flows for the years ended December 31, 2013, 2012 and 2011, including the notes thereto and together with the report of Independent Registered Public Accounting Firm, are included beginning on page F-1 of this annual report.

Legal Proceedings

We are involved from time to time in various claims and lawsuits incidental to the conduct of our business in the ordinary course.

In the opinion of our management, the outcome of these proceedings is not expected to have a material adverse effect on our business, results of operations, liquidity or financial position.

Dividend Policy

During the year ended December 31, 2013, we paid aggregate cash dividends of $361,880,099.43 on our common shares. During the year ended December 31, 2012, we paid aggregate cash dividends of $760,000,000 on our common shares. We currently expect to pay dividends and other distributions on our common shares in the future. The declaration and payment of dividends and other distributions is in the sole discretion of our Board of Directors, and any decision regarding the declaration of dividends and other distributions will be made by our Board of Directors depending on, among other things, our financial resources, the cash flows generated by our business, our capital needs, and other factors considered relevant by our Board of Directors, including the terms of our indebtedness and applicable law.

B- Significant Changes

Except as otherwise disclosed in this annual report, there has been no other material adverse change in our financial position since December 31, 2013.

ITEM 9 – THE OFFER AND LISTING

A- Offer and Listing Details

Not applicable.

B- Plan of Distribution

Not applicable.

C- Markets

Outstanding Notes

On July 2, 2013, we repurchased and redeemed US$380.0 million aggregate principal amount of our 9 1/8% Senior Notes due April 15, 2018.

On June 17, 2013, we issued and sold $400.0 million aggregate principal amount of our 5 5/8% Senior Notes due June 15, 2025 in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

In a series of repurchases and redemptions starting in July 2011 and ending in March 2012, we retired the entire remaining principal amount outstanding of our 6 7/8% Senior Notes due January 15, 2014.

On March 14, 2012, we sold US$800.0 million aggregate principal amount of our 5% Senior Notes due July 15, 2022 in private placements exempt from the registration requirements of the Securities Act. In connection with the issuance of these unregistered notes, we filed a registration statement on Form F-4 with the SEC on May 17, 2012 and completed the registered exchange offer in July 2012. As a result, our 5% Senior Notes due July 15, 2022 have been registered under the Securities Act.

On July 5, 2011, we issued and sold $300.0 million aggregate principal amount of our 6 7/8% Senior Notes due July 15, 2021 in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On January 13, 2010, we issued and sold $300.0 million aggregate principal amount of our 7 1/8% Senior Notes due January 15, 2020 in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On April 15, 2008, we issued and sold US$455.0 million aggregate principal amount of our 9 1/8% Senior Notes due April 15, 2018 in private placements exempt from the registration requirements of the Securities Act, and on March 5, 2009, we issued and sold an additional aggregate principal amount of US$260.0 million of these 9 1/8% Senior Notes due April 15, 2018 (under the same indenture) in a private placement exempt from the registration requirements of the Securities Act.

On September 16, 2005, we issued and sold US$175.0 million aggregate principal amount of our 6 3/8% Senior Notes due December 15, 2015 in private placements exempt from the registration requirements of the Securities Act. In connection with the issuance of these unregistered notes, we filed a registration statement on Form F-4 with the SEC on December 16, 2005 and completed the registered exchange offer on February 6, 2006. As a result, our 6 3/8% Senior Notes due December 15, 2015 have been registered under the Securities Act.

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 notes, the ability of the holders of any such 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 notes on any exchange or automated dealer quotation system.

The record holder of each series of our Senior Notes (other than our 7 1/8% Senior Notes due 2020, our 6 7/8% Senior Notes due 2021 and our 5 5/8% Senior Notes due 2025) is Cede & Co., a nominee of The Depository Trust Corporation, and the record holder of our 7 1/8% Senior Notes due 2020, our 6 7/8% Senior Notes due 2021 and our 5 5/8% Senior Notes due 2025 is CDS Clearing and Depository Services Inc.

D- Selling Shareholders

Not applicable.

E- Dilution

Not applicable.

F- Expenses of the Issue

Not applicable.

ITEM 10 – ADDITIONAL INFORMATION

A- Share Capital

Not applicable.

B- Memorandum and Articles of Association

The Articles of Amalgamation of Videotron, dated as of July 1, 2006, and the Articles of Amendment of Videotron, dated as of June 30, 2008 and December 12, 2008 are referred to as our "Articles". Our Articles are included as exhibits to this annual report. The following is a summary of certain provisions of our Articles and by-laws:

On July 1, 2006, Vidéotron ltée and 9101-0827 Québec Inc. amalgamated, under Part IA of the *Companies Act* (Québec), into a single corporation using the name "Videotron Ltd." (or "Vidéotron ltée" in French) with the Designating Number 1163819882. Since its coming into force on February 14, 2011, Videotron is governed by the *Business Corporations Act* (Québec). The Articles provide no restrictions on the purposes or activities that may be undertaken by Videotron.

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:

    (i) an associate of the director;

    (ii) a group of which the director is a director;

    (iii) 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:

    (i) 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;

    (ii) 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;

    (iii) is for the indemnification of the directors in certain circumstances or liability insurance taken out by the corporation;

    (iv) 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, by ordinary resolution, to borrow money and obtain advances upon the credit of our corporation when they consider it appropriate. Our directors also may, by ordinary resolution, when they consider it appropriate, (i) issue bonds or other securities of our corporation and give them in guarantee or sell them for prices and amounts deemed appropriate; (ii) mortgage, pledge or give as surety our present or future movable and immovable property to ensure the payment of these bonds or other securities or give a part only of these guarantees for the same purposes; and (iii) mortgage or pledge our real estate or give as security or otherwise encumber with any charge our movables or give these various kinds of securities to assure the payment of loans made other than by the issuance of bonds as well as the payment or the execution of other debts, contracts and commitments of our corporation.

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 and our preferred shares (consisting of our Class "A" Common Shares and our authorized classes of preferred shares, comprised or our Class "B" Preferred Shares, Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "F" Preferred Shares, Class "G" Preferred Shares and Class "H" Preferred Shares) are set forth below:

Common Shares

Class "A" Common Shares

(a) *Dividend rights:* Subject to the rights of the holders of our preferred shares (including their redemption rights) and subject to applicable law, each Class "A" Common Share is entitled to receive such dividends as our Board of Directors shall determine.

(b) *Voting rights:* The holders of Class "A" Common Shares are entitled to vote at each shareholders' meeting with the exception of meetings at which only the holders of another class of shares are entitled to vote. Each Class "A" Common Share entitles the holder to one vote. The holders of the Class "A" Common Shares shall elect the directors of Videotron at an annual or special meting of shareholders called for that purpose, except that any vacancy occurring in the Board of Directors may be filled, for the remainder of the term, by our Directors. At any meeting of shareholders called for such purpose, directors are elected by a majority of the votes cast in respect of such election.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "A" Common Shares are entitled to receive dividends as determined by our Board of Directors subject to certain restrictions) and paragraph (d) below (whereby the holders of our Class "A" Common Shares are entitled to participation in the remaining property and assets of our company available for distribution in the event of liquidation or dissolution), None.

(d) *Rights upon liquidation:* In the event of our liquidation or dissolution 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 Class "A" Common Shares shall be entitled, subject to the rights of the holders of our preferred shares, to participate equally, share for share, in our residual 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 further capital calls by us:* None, provided that our directors may 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 holders owning a substantial number of common shares:* None.

Preferred Shares

Class "B" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "B" Preferred Shares have the right to receive, in priority over the holders of our Class "A" Common Shares, Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the holders of our Class "G" Preferred Shares, a preferential and non-cumulative dividend at the fixed rate of 1% per month, calculated on the basis of the applicable redemption value of our Class "B" Preferred Shares. A dividend may be declared and payable in cash, in kind or through the issuance of fully paid shares of any class of our corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "B" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "B" Preferred Shares are entitled to receive certain dividends, if and when declared by our Board of Directors), paragraph (d) below (whereby the holders of our Class "B" Preferred Shares are entitled to participate in the distribution of the residual property and assets of Videotron available for distribution in the event of our liquidation or winding-up) and paragraph (e) below (whereby the holders of our Class "B" Preferred Shares have certain redemption rights): None.

(d) *Rights upon liquidation:* In the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of the Class "B" Preferred Shares shall be entitled to repayment of the amount paid for the Class "B" Preferred Shares in the subdivision of the issued and paid-up share capital account relating to the Class "B" Preferred Shares.

In addition, in the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the rights of holders of Class "B" Preferred Shares as regards to payment of dividends and the right to participate in the distribution of residual assets, shall rank in priority to the rights of the holders of our Class "A" Common Shares, Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the rights of holders of our Class "G" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders of our Class "B" Preferred Shares have, at any time, the right to require Videotron to redeem (referred to as a "retraction right") any or all of their Class "B" Preferred Shares at a redemption price equal to the amount paid for such shares in the subdivision of the issued and paid-up share capital account relating to such shares, plus a specified premium, if applicable, plus the amount of any declared and unpaid dividends.

In addition, Videotron may, at its option, redeem any or all of the Class "B" Preferred Shares outstanding at any time at an aggregate redemption price equal to the consideration received by Videotron for these Class "B" Preferred Shares. Videotron may also, when it deems it appropriate and without giving notice or taking into account the other classes of shares, buy, pursuant to a private agreement, all or some of the Class "B" Preferred Shares outstanding at a purchase price for any such Class "B" Preferred Shares not exceeding the retraction right purchase price described above or the book value of Videotron's net assets.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "B" Preferred Shares as a result of such holder owning a substantial number of our Class "B" Preferred Shares:* None.

Class "C" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "C" Preferred Shares have the right to receive, in priority over the holders of our Class "A" Common Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the holders of our Class "B" Preferred Shares and Class "G" Preferred Shares, a preferential and non-cumulative dividend at the fixed rate of 1% per month, calculated on the basis of the applicable redemption value of our Class "C" Preferred Shares. A dividend may be declared and payable in cash, in kind or through the issuance of fully paid shares of any class of our corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "C" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "C" Preferred Shares are entitled to receive certain dividends, if and when declared by our Board of Directors), paragraph (d) below (whereby the holders of our Class "C" Preferred Shares are entitled to participate in the distribution of the residual property and assets of Videotron available for distribution in the event of our liquidation or winding-up) and paragraph (e) below (whereby the holders of our Class "C" Preferred Shares have certain redemption rights): None.

(d) *Rights upon liquidation:* In the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of the Class "C" Preferred Shares shall be entitled to repayment of the amount paid for the Class "C" Preferred Shares in the subdivision of the issued and paid-up share capital account relating to the Class "C" Preferred Shares.

In addition, in the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the rights of holders of Class "C" Preferred Shares as regards to payment of dividends and the right to participate in the distribution of residual assets, shall rank in priority to the rights of the holders of our Class "A" Common Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the rights of holders of our Class "B" Preferred Shares and Class "G" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders of our Class "C" Preferred Shares have, at any time, the right to require Videotron to redeem (referred to as a "retraction right") any or all of their Class "C" Preferred Shares at a redemption price equal to the amount paid for such shares in the subdivision of the issued and paid-up share capital account relating to such shares, plus a specified premium, if applicable, plus the amount of any declared and unpaid dividends.

In addition, Videotron may, at its option, redeem any or all of the Class "C" Preferred Shares outstanding at any time at an aggregate redemption price equal to the consideration received by Videotron for these Class "C" Preferred Shares. Videotron may also, when it deems it appropriate and without giving notice or taking into account the other classes of shares, buy, pursuant to a private agreement, all or some of the Class "C" Preferred Shares outstanding at a purchase price for any such Class "C" Preferred Shares not exceeding the retraction right purchase price described above or the book value of Videotron's net assets.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "C" Preferred Shares as a result of such holder owning a substantial number of our Class "C" Preferred Shares:* None.

Class "D" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "D" Preferred Shares have the right to receive, in priority over the holders of our Class "A" Common Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the holders of our Class "B" Preferred Shares, Class "C" Preferred Shares and Class "G" Preferred Shares, a preferential and non cumulative dividend at the fixed rate of 1% per month, calculated on the basis of the applicable redemption value of our Class "D" Preferred Shares. A dividend may be declared and payable in cash, in kind or through the issuance of fully paid shares of any class of our corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "D" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "D" Preferred Shares are entitled to receive certain dividends, if and when declared by our Board of Directors), paragraph (d) below (whereby the holders of our Class "D" Preferred Shares are entitled to participate in the distribution of the residual property and assets of Videotron available for distribution in the event of our liquidation or winding-up) and paragraph (e) below (whereby the holders of our Class "D" Preferred Shares have certain redemption rights): None.

(d) *Rights upon liquidation:* In the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of the Class "D" Preferred Shares shall be entitled to repayment of the amount paid for the Class "D" Preferred Shares in the subdivision of the issued and paid-up share capital account relating to the Class "D" Preferred Shares.

In addition, in the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the rights of holders of Class "D" Preferred Shares as regards to payment of dividends and the right to participate in the distribution of residual assets, shall rank in priority to the rights of the holders of our Class "A" Common Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the rights of holders of our Class "B" Preferred Shares, Class "C" Preferred Shares and Class "G" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders of our Class "D" Preferred Shares have, at any time, the right to require Videotron to redeem (referred to as a "retraction right") any or all of their Class "D" Preferred Shares at a redemption price equal to the amount paid for such shares in the subdivision of the issued and paid-up share capital account relating to such shares, plus a specified premium, if applicable, plus the amount of any declared and unpaid dividends.

In addition, Videotron may, at its option, redeem any or all of the Class "D" Preferred Shares outstanding at any time at an aggregate redemption price equal to the consideration received by Videotron for these Class "D" Preferred Shares. Videotron may also, when it deems it appropriate and without giving notice or taking into account the other classes of shares, buy, pursuant to a private agreement, all or some of the Class "D" Preferred Shares outstanding at a purchase price for any such Class "D" Preferred Shares not exceeding the retraction right purchase price described above or the book value of Videotron's net assets.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "D" Preferred Shares as a result of such holder owning a substantial number of our Class "D" Preferred Shares:* None.

Class "E" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "E" Preferred Shares have the right to receive, in priority over the holders of our Class "A" Common Shares, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the holders of our Class "B" Preferred Shares, Class "C" Preferred Share, Class "D" Preferred Share and Class "G" Preferred Shares, a preferential and non cumulative dividend at the fixed rate of 1% per month, calculated on the basis of the applicable redemption value of our Class "E" Preferred Shares. A dividend may be declared and payable in cash, in kind or through the issuance of fully paid shares of any class of our corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "E" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "E" Preferred Shares are entitled to receive certain dividends, if and when declared by our Board of Directors), paragraph (d) below (whereby the holders of our Class "E" Preferred Shares are entitled to participate in the distribution of the residual property and assets of Videotron available for distribution in the event of our liquidation or winding-up) and paragraph (e) below (whereby the holders of our Class "E" Preferred Shares have certain redemption rights): None.

(d) *Rights upon liquidation:* In the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of the Class "E" Preferred Shares shall be entitled to repayment of the amount paid for the Class "E" Preferred Shares in the subdivision of the issued and paid-up share capital account relating to the Class "E" Preferred Shares.

In addition, in the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the rights of holders of Class "E" Preferred Shares as regards to payment of dividends and the right to participate in the distribution of residual assets, shall rank in priority to the rights of the holders of our Class "A" Common Share, Class "F" Preferred Shares and Class "H" Preferred Shares, but subordinated to the rights of holders of our Class "B" Preferred Shares, Class "C" Preferred Shares, Class "D" Preferred Shares and Class "G" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders of our Class "E" Preferred Shares have, at any time, the right to require Videotron to redeem (referred to as a "retraction right") any or all of their Class "E" Preferred Shares at a redemption price equal to the amount paid for such shares in the subdivision of the issued and paid-up share capital account relating to such shares, plus a specified premium, if applicable, plus the amount of any declared and unpaid dividends.

In addition, Videotron may, at its option, redeem any or all of the Class "E" Preferred Shares outstanding at any time at an aggregate redemption price equal to the consideration received by Videotron for these Class "E" Preferred Shares. Videotron may also, when it deems it appropriate and without giving notice or taking into account the other classes of shares, buy, pursuant to a private agreement, all or some of the Class "E" Preferred Shares outstanding at a purchase price for any such Class "E" Preferred Shares not exceeding the retraction right purchase price described above or the book value of Videotron's net assets.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "E" Preferred Shares as a result of such holder owning a substantial number of our Class "E" Preferred Shares:* None.

Class "F" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "F" Preferred Shares have the right to receive, in priority over the holders of our Class "A" Common Shares and Class "H" Preferred Shares, but subordinated to the holders of our Class "B" Preferred Shares, Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares and Class "G" Preferred Shares, a preferential and non-cumulative dividend at the fixed rate of 1% per month, calculated on the basis of the applicable redemption value of our Class "F" Preferred Shares. A dividend may be declared and payable in cash, in kind or through the issuance of fully paid shares of any class of our corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "F" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Other than as described in paragraph (a) above (whereby the holders of our Class "F" Preferred Shares are entitled to receive certain dividends, if and when declared by our Board of Directors), paragraph (d) below (whereby the holders of our Class "F" Preferred Shares are entitled to participate in the distribution of the residual property and assets of Videotron available for distribution in the event of our liquidation or winding-up) and paragraph (e) below (whereby the holders of our Class "F" Preferred Shares have certain redemption rights): None.

(d) *Rights upon liquidation:* In the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of the Class "F" Preferred Shares shall be entitled to repayment of the amount paid for the Class "F" Preferred Shares in the subdivision of the issued and paid-up share capital account relating to the Class "F" Preferred Shares.

In addition, in the event of our liquidation, dissolution or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the rights of holders of Class "F" Preferred Shares as regards to payment of dividends and the right to participate in the distribution of residual assets, shall rank in priority to the rights of the holders of our Class "A" Common Shares and Class "H" Preferred Shares, but subordinated to the rights of holders of our Class "B" Preferred Shares, Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares and Class "G" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders of our Class "F" Preferred Shares have, at any time, the right to require Videotron to redeem (referred to as a "retraction right") any or all of their Class "F" Preferred Shares at a redemption price equal to the amount paid for such shares in the subdivision of the issued and paid-up share capital account relating to such shares, plus a specified premium, if applicable, plus the amount of any declared and unpaid dividends.

In addition, Videotron may, at its option, redeem any or all of the Class "F" Preferred Shares outstanding at any time at an aggregate redemption price equal to the consideration received by Videotron for these Class "F" Preferred Shares. Videotron may also, when it deems it appropriate and without giving notice or taking into account the other classes of shares, buy, pursuant to a private agreement, all or some of the Class "F" Preferred Shares outstanding at a purchase price for any such Class "F" Preferred Shares not exceeding the retraction right purchase price described above or the book value of Videotron's net assets.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "F" Preferred Shares as a result of such holder owning a substantial number of our Class "F" Preferred Shares:* None.

Class "G" Preferred Shares

(a) *Dividend rights:* When our Board of Directors declares a dividend, the holders of our Class "G" Preferred Shares have the right to receive, in priority over the holders of our common shares and preferred shares of other series, a preferential and cumulative dividend, payable semi-annually, at the fixed rate of 11.25% per year, calculated daily on the basis of the applicable redemption value of our Class "G" Preferred Shares. No dividends may be paid on any common shares or preferred shares of other series unless all dividends which shall have become payable on the Class "G" Preferred Shares have been paid or set aside for payment.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "G" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

However, in the event that we shall have failed to pay eight (8) half-yearly dividends, whether or not consecutive, on the Class "G" Preferred Shares, and only for so long as the dividend remains in arrears, the holders of Class "G" Preferred Shares shall have the right to receive notice of meetings of shareholders and to attend and vote at any such meetings, except meetings at which only holders of another specified series or class of shares are entitled to vote. At each such meeting, each Class "G" Preferred Share shall entitle the holder thereof to one vote.

(c) *Rights to share in our profits:* Except as described in paragraph (a) above (whereby the holders of our Class "G" Preferred Shares are entitled to receive a 11.25% cumulative preferred dividend in preference to the holders of our common shares and other series of our preferred shares), paragraph (d) below (whereby the holders of our Class "G" Preferred Shares are entitled to receive, in preference to the holders of our common shares and other series of our preferred shares, an amount equal to $1,000 per Class "G" Preferred Share and any accumulated and unpaid dividends with respect thereto in the event of our liquidation, winding-up or reorganization) and paragraph (e) below (whereby the holders of our Class "G" Preferred Shares may require us to redeem the Class "G" Preferred Shares at a redemption price of $1,000 per share plus any accrued and unpaid dividends with respect thereto): 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 Class "G" Preferred Shares shall be entitled to receive in preference to the holders of our common shares and our preferred shares of other series an amount equal to $1,000 per Class "G" Preferred Share and any accrued and unpaid dividends with respect thereto.

Our Class "G" Preferred Shares have priority over our common shares and our preferred shares of other series as to the order of priority of the distribution of assets in case of the liquidation or dissolution of our corporation, voluntary or involuntary, or of any other distribution of our assets to our shareholders for the purpose of winding up our affairs.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), the holders our Class "G" Preferred Shares have, at any time, the right to require Videotron to redeem any and all of their shares at a redemption price equal to $1,000 per share plus any accrued and unpaid dividends with respect thereto. In addition, we may, at our option, redeem any and all Class "G" Preferred Shares at any time at a redemption price equal to $1,000 per share plus any accrued and unpaid dividends with respect thereto.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "G" Preferred Shares as a result of such holder owning a substantial number of our Class "G" Preferred Shares:* None.

Class "H" Preferred Shares

(a) *Dividend rights:* The holders of Class "H" Preferred Shares shall be entitled to receive, every year, in such manner and at such time as our Board of Directors may declare, a non cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "H" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(b) *Voting rights:* Subject to applicable law and except as expressly otherwise provided, the holders of our Class "H" Preferred Shares do not have the right to receive notice of meetings of shareholders or to attend any such meeting or vote at any such meeting.

(c) *Rights to share in our profits:* Except as described in paragraph (a) above (whereby the holders of our Class "H" Preferred Shares are entitled to receive, every year, in such manner and at such time as our Board of Directors may declare, a non cumulative dividend at the fixed rate of 1% per month), paragraph (d) below (whereby the holders of our Class "H" Preferred Shares are entitled to entitled to repayment of the amount paid for the Class "H" Preferred Shares in the event of our liquidation, winding-up or reorganization) and paragraph (e) below (whereby the holders of our Class "H" Preferred Shares may require us to redeem the Class "H" Preferred Shares at a specified redemption price): 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 Class "H" Preferred Shares shall be entitled to repayment of the amount paid for the Class "H" Preferred Shares into the subdivision of the issued and paid-up share capital account relating to the Class "H" Preferred Shares.

(e) *Redemption provisions:* Subject to the provisions of the *Business Corporations Act* (Québec), we may elect to redeem the Class "H" Preferred Shares at any time at a price equal to the specified redemption price plus an amount equal to any dividends declared thereon but unpaid up to the date of redemption. The specified redemption price is, subject to certain conditions, equal to the aggregate consideration received for such share.

(f) *Sinking fund provisions:* None.

(g) *Liability to further capital calls by us:* None, provided that our directors may make calls upon the shareholders in respect of any moneys unpaid upon their shares.

(h) *Provisions discriminating against existing or prospective holders of our Class "H" Preferred Shares as a result of such holder owning a substantial number of our Class "H" Preferred Shares:* None.

3. **Actions necessary to change the rights of shareholders.** Under the *Business Corporations Act* (Québec), (i) the Articles may only be amended by the affirmative vote of the holders of two-thirds (2/3) of the votes cast by the shareholders at a special meeting called for that purpose 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-law amendments relating to procedural matters with respect to shareholders meetings take effect only once they have received shareholders approval. In addition, pursuant to the *Business Corporations Act* (Québec), we may not make any amendments to the Articles that affect the rights, conditions, privileges or restrictions attaching to issued shares of any series outstanding, other than an increase in the share capital or the number of our authorized shares, without obtaining the consent of all the shareholders concerned by the amendment, whether or not they are eligible to vote. In order to change the rights of our shareholders, we would need to amend our Articles to effect

the change. Such an amendment would require the approval of holders of two-thirds (2/3) of the shares at a duly called special meeting. For amendments affecting the rights of a particular class or series of shares, the holders of such class or series of shares are entitled to a separate vote, whether or not shares of this class or series otherwise carry the right to vote. Such a proposed amendment will be effected only if it receives the approval of two-thirds (2/3) of holders of each such affected class or series of shares. In respect of certain amendments, a shareholder is entitled to dissent and, if the resolution is adopted and we implement the changes, demand that we repurchase all of its shares of such class or series for which a separate vote was carried out at their fair value.

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 Videotron's 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 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 is no limitation imposed by Canadian law or by the Articles or our other constituent documents on the right of nonresidents 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 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 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 Service Provider that are beneficially owned and controlled by non-Canadians exceeding 33 1/3%.

6. ***Provisions that could have the effect of delaying, deferring or preventing a change of control.*** The Articles provide that our directors shall refuse to issue (including on the occasion or because of a conversion of shares or in shares), and to allow a transfer of, any share of our capital stock if this issuance or transfer would, in the opinion of our directors, affect our eligibility or of any other corporation or partnership in which we have or may have an interest, to obtain, preserve or renew a license or authorization required for the operation or continuation of its broadcasting company (as defined in the Broadcasting Act, as amended) (or any part thereof) or of any other activity necessary for the continuation of our corporation. See "Item 4. Information on the Corporation — Regulation — Ownership and Control of Canadian Broadcast Undertakings".

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 US$650,000,000 of our 6 7/8% Senior Notes due January 15, 2014, dated as of October 8, 2003, by and among Videotron, the guarantors party thereto and Wells Fargo Bank Minnesota, N.A. (now Wells Fargo Bank, National Association) as trustee, as supplemented.**

On October 8, 2003, we issued US$335,000,000 aggregate principal amount of our 6 7/8% Senior Notes due January 15, 2014 and, on November 19, 2004, we issued an additional US$315,000,000 aggregate principal amount of these notes, pursuant to an Indenture, dated as of October 8, 2003, by and among Videotron, the guarantors party thereto and Wells Fargo Bank Minnesota, N.A. (now Wells Fargo Bank, National Association), as trustee. In March 2012, we redeemed and retired the entire remaining principal amount outstanding of these 6 7/8% Senior Notes due January 15, 2014. These notes were unsecured, bearing a maturity date of January 15, 2014. Interest on these notes was payable in cash semi-annually in arrears on January 15 and July 15 of each year. These notes were guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. The notes were redeemable, at our option, under certain circumstances and at the redemption prices set forth in the indenture. The indenture contained customary restrictive covenants with respect to us and certain of our subsidiaries and customary events of default. If an event of default occurred and was 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 notes could declare all the notes to be due and payable immediately.

(b) **Indenture relating to US$175,000,000 of our 6 3/8% Senior Notes due December 15, 2015, dated as of September 16, 2005, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On September 16, 2005, we issued US$175,000,000 aggregate principal amount of our 6 3/8% Senior Notes due December 15, 2015, pursuant to an Indenture, dated as of September 16, 2005, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These notes are unsecured and mature on December 15, 2015. Interest on these notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These notes are redeemable, at our option, under certain circumstances and at the redemption prices set forth in the indenture. The indenture contains customary restrictive covenants with respect to us and certain of our 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 notes may declare all the notes to be due and payable immediately.

(c) **Indenture relating to US$715,000,000 of our 9 1/8% Senior Notes due April 15, 2018, dated as of April 15, 2008, as supplemented, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On April 15, 2008, we issued US$455,000,000 aggregate principal amount of our 9 1/8% Senior Notes due April 15, 2018, and on March 5, 2009, we issued and sold an additional US$260,000,000 aggregate principal amount of our 9 1/8% Senior Notes due April 15, 2018, in each case pursuant to an Indenture, dated as of April 15, 2008, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These notes, which form a single series and class, are unsecured and mature on April 15, 2018. Interest on these notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These notes are redeemable, at our option, under certain circumstances and at the

redemption prices set forth in an indenture dated as of April 15, 2008. This indenture contains customary restrictive covenants with respect to us and certain of our 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 9 1/8% Senior Notes may declare all of such notes to be due and payable immediately. On July 2, 2013 we redeemed and retired US$380,000,000 aggregate principal amount of our outstanding 9 1/8% Senior Notes due 2018.

(d) **Indenture relating to CAN$300,000,000 of our 7 1/8% Senior Notes due January 15, 2020, dated as of January 13, 2010, as supplemented, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On January 13, 2010, we issued CAN$300,000,000 aggregate principal amount of our 7 1/8% Senior Notes due January 15, 2020, pursuant to an Indenture, dated as of January 13, 2010, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These notes are unsecured and mature on January 15, 2020. Interest on these notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These notes are redeemable, at our option, under certain circumstances and at the redemption prices set forth in the indenture. The indenture contains customary restrictive covenants with respect to us and certain of our 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 notes may declare all the notes to be due and payable immediately. The 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.

(e) **Indenture relating to CAN$300,000,000 of our 6 7/8% Senior Notes due July 15, 2021, dated as of July 5, 2011, as supplemented, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On July 5, 2011, we issued CAN$300,000,000 aggregate principal amount of our 6 7/8% Senior Notes due July 15, 2021, pursuant to an Indenture, dated as of July 5, 2011, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These notes are unsecured and mature on July 5, 2021. Interest on these notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These notes are redeemable, at our option, under certain circumstances and at the redemption prices set forth in the indenture. The indenture contains customary restrictive covenants with respect to us and certain of our 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 notes may declare all the notes to be due and payable immediately. The 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.

(f) **Indenture relating to US$800,000,000 of our 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, we issued US$800,000,000 aggregate principal amount of our 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 notes are unsecured and mature on July 15, 2022. Interest on these notes is payable in cash semi-annually in arrears on January 15 and July 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These notes are redeemable, at our option, under certain circumstances and at the make-whole redemption price set forth in the indenture. This indenture contains customary restrictive covenants with respect to us and certain of our 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 notes may declare all the notes to be due and payable immediately.

(g) **Indenture relating to CAN$400,000,000 of our 5 5/8% 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, we issued CAN$400,000,000 aggregate principal amount of our 5 5/8% Senior Notes due 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 notes are unsecured and mature on June 15, 2025. Interest on these notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These 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 us and certain of our 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 notes may declare all the notes to be due and payable immediately. The 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.

(h) **Credit Agreement originally dated as of November 28, 2000, as amended and restated as of July 20, 2011, 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 on June 14, 2013.**

Our $650,000,000 senior secured credit facilities provide for a $575,000,000 secured revolving credit facility that matures on July 19, 2018 and a $75,000,000 secured export financing facility providing for a term loan that matures on June 15, 2018. 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. The proceeds of the term loan were used for payments and reimbursement of payments of export equipment and local services in relation to our contracts for mobile infrastructure equipment with an affiliate of Nokia Corporation and also for the financing of the Finnvera guarantee fee (Finnvera plc being a specialized financing company owned by the State of Finland which is providing an export buyer credit guarantee in favor of the lenders under the export financing facility covering political and commercial risks).

Advances under our revolving credit facility bear interest at the Canadian prime rate, the U.S. prime rate (solely under the swingline commitment) or the bankers' acceptance rate plus, in each instance, an applicable margin determined by the Leverage Ratio (as defined in our credit agreement) of the Relevant Group (as defined in our credit agreement). The applicable margin for Canadian prime rate advances and U.S. prime rate advances ranges from 0.325% when this ratio is less than 1.5x, to 1.625% when this ratio is greater than or equal to 4.5x. The applicable margin for bankers' acceptance advances or letters of credit fees ranges from 1.325% when this ratio is less than 1.5x, to 2.625% when this ratio is greater than or equal to 4.5x. We have also agreed to pay specified commitment fees. Advances under our export financing facility bear interest at the bankers' acceptance rate plus a margin at a rate of 0.875%.

The revolving credit facility will be repayable in full on July 19, 2018. Drawdowns under the export financing facility are repayable by way of seventeen equal and consecutive semi-annual payments that commenced on June 15, 2010.

Borrowings under our senior secured 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 credit facilities (which include most, but not all of Videotron's subsidiaries), guarantees by such guarantors, pledges of shares by us and such guarantors and other security.

Our senior secured 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, our senior secured 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 us 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.

D- Exchange Controls

There are currently no laws, decrees, regulations or other legislation in Canada that restricts the export or import of capital, or affects the remittance of dividends, interest or other payments to non-resident holders of our securities, other than withholding tax requirements. 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 or our other charter documents on the right of a non-resident to hold our voting shares, 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 (i) our 6 3/8% Senior Notes due 2015 (our "**6 3/8% Senior Notes**"), (ii) our 9 1/8% Senior Notes due 2018 (our "**9 1/8% Senior Notes**"), (iii) our 7 1/8% Senior Notes due 2020 (our "**7 1/8% Senior Notes**"), (iv) our 6 7/8% Senior Notes due 2021 (our "**6 7/8% Senior Notes**"), (v) our 5% Senior Notes due 2022 (our "**5% Senior Notes**"), and (vi) our 5 5/8% Senior Notes due 2025 (our "**5 5/8% Senior Notes**") (collectively, 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. Our 9 1/8% Senior Notes were issued in two instances, on April 7, 2008 and February 26, 2009, under the same indenture. Our 7 1/8% Senior Notes, our 6 7/8% Senior Notes and our 5 5/8% Senior Notes are denominated in Canadian dollars (the "**Canadian dollar Notes**"). 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 a U.S. Holder 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; and
- direct, indirect or constructive owners of 10% or more of our outstanding voting shares.

The summary also does not discuss any aspect of state, local or foreign law, 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 citizen or resident alien of the United States;
- a corporation or other entity treated as such formed 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, 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 if a valid election is in effect to be treated as a U.S. person.

No ruling has been or will be sought 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.

To ensure compliance with requirements imposed by the IRS, you are hereby informed that the U.S. tax advice contained herein: (i) is written in connection with the promotion or marketing by Videotron of the transactions or matters addressed herein, and (ii) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. tax penalties. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

U.S. INVESTORS 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, FOREIGN OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS.

Interest on the Notes

Payments of stated interest on the 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 generally, with certain exceptions, 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 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.

In the issuance of our 6 3/8% Senior Notes and in the issuance of our 9 1/8% Senior Notes, the notes were issued with a *de minimis* amount of original issue discount ("**OID**"). OID is the excess, if any, of a note's "stated redemption price at maturity" over its "issue price". A note's stated redemption price at maturity is the sum of all payments provided by the note other than payments of qualified stated interest (*i.e.*, stated interest that is unconditionally payable in cash or other property (other than debt of the issuer)). The "issue price" is the first price at which a substantial amount of the notes in the issuance that includes the notes is sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, agents or wholesalers). The amount of original issue discount with respect to a note will be treated as zero if it is less than an amount equal to 0.0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity (or weighted average maturity, as applicable) ("***de minimis* OID**"). Generally, any *de minimis* OID must be included in income as principal payments are received on the securities in the proportion that each such payment bears to the original principal balance of the security. The treatment of the resulting gain is subject to the general rules discussed under "— Sale, Exchange or Retirement of a Note" below.

Interest on the Canadian dollar 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 Canadian dollar 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 their stated redemption price at maturity, 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, a U.S. Holder's tax basis in its 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 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 Canadian dollar Notes, market discount is accrued in Canadian dollars, and the amount includible in income by a U.S. Holder upon a sale of such 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 such note is sold. Any market discount on a Canadian dollar Note that is currently includible 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, such holder will have purchased such notes with amortizable bond premium. A U.S. Holder generally may elect to amortize that 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 a 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 Canadian dollar Notes, 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 Canadian dollar Note and the spot rate of exchange on the date on which the U.S. Holder acquired 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 note, any amounts 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 Canadian dollar Note with Canadian dollars, the U.S. dollar cost of the Canadian dollar 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 Canadian dollar 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 Canadian dollar 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 Canadian dollar 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 Canadian dollar 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 Canadian dollar 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 Canadian dollar 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 Canadian dollar Note calculated at the spot rate of exchange on the date of purchase of the Canadian dollar Note. If the Canadian dollar 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 Canadian dollar 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 Canadian dollar Note calculated at the spot rate of exchange on the settlement date of the purchase of the Canadian dollar 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 Canadian dollar Notes.

Transactions in Foreign Currency

Foreign currency received as a payment of interest on, or on the sale or retirement of, a Canadian dollar 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). 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 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 Canadian dollar Note as a reportable transaction if this loss exceeds the relevant threshold in the regulations. 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 Canadian dollar 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 Canadian dollar 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 that does not provide us with its correct TIN also may be subject to penalties imposed by the IRS. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is creditable against the U.S. Holder's federal income tax liability, *provided* that the required information is 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. individuals that hold specified foreign financial assets (including stock and securities of a foreign issuer) are required to report their holdings, along with other information, on their tax returns, with certain exceptions. Holders should consult their own tax advisors to determine the scope of these disclosure responsibilities.

Canadian Material Federal Income Tax Considerations for Residents of the United States

The following is a summary of the principal Canadian federal income tax considerations generally applicable to you if you invested, as initial purchaser or through a subsequent investment, in any of our Senior Notes and if you, at all relevant times, for purposes of the *Income Tax Act* (Canada), which we refer to as the "**Tax Act**", are the beneficial owner of the Senior Notes, including entitlements to all payments thereunder, deal at arm's length with, and are not affiliated

with, Videotron and hold the Senior Notes as capital property. Generally, the Senior Notes will be considered capital property to a holder provided that the holder does not use or hold and is not deemed to use or hold the Senior Notes in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure in the nature of trade (a "**Holder**").

The following summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and the Canada-United States Income Tax Convention (1980), as amended, (i) is not, and is not deemed to be, a resident of Canada (and has never been, or been deemed to be, a resident of Canada), (ii) deals at arm's length 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 the course of carrying on a business or part of a business in Canada, (iv) does not receive any payment of interest on the Senior Notes in respect of a debt or other obligation to pay an amount to a person with whom Videotron does not deal at arm's length, and (v) is not a "specified shareholder" and deals at arm's length with each person who is a "specified shareholder" of Videotron for purposes of the thin capitalization rules in the Tax Act (a "**Non-Resident Holder**").

This summary is not applicable to: (a) a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (b) a Holder that is an "authorized foreign bank", as defined in the Tax Act; (c) a Holder that is a "registered non-resident insurer", as defined in the Tax Act; (d) a Holder that is a non-resident insurer carrying on an insurance business in Canada and elsewhere; (e) a Holder, an interest in which would be a "tax shelter investment", as defined in the Tax Act; (f) a Holder which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (g) a Holder that is a "specified financial institution" as defined in the Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisors with respect to the tax consequences of acquiring, holding and disposing of the Senior Notes.

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.

Principal and Interest

No Canadian withholding tax will apply to interest (including any amounts deemed to be interest), principal or premium paid or credited by Videotron 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

We file periodic reports and other information with the SEC. These reports include certain financial and statistical information about us and may be accompanied by exhibits. You may read and copy this information at the SEC's Public Reference Room 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 the 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 about issuers like us who file 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 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

Videotron's financial risk management policies have been established in order to identify and analyze the risks faced by Videotron, 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 Videotron's activities.

Videotron uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, accounts payable and accrued charges, provisions, long-term debt and derivative financial instruments. As a result of its use of financial instruments, Videotron 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, Videotron uses derivative financial instruments (i) to set in Canadian 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, (ii) to achieve a targeted balance of fixed and floating rate debts and (iii) to lock-in the value of certain derivative financial instruments through offsetting transactions. Videotron 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.

Foreign Currency Risk

Most of our consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, handsets and cable modems and certain capital expenditures, are received or denominated in Canadian dollars. A large portion of the interest, principal and premium, if any, payable on our debt is payable in U.S. dollars. We have entered into transactions to hedge the foreign currency risk exposure on our U.S.-dollar-denominated debt obligations outstanding as of December 31, 2013, to hedge our exposure on certain purchases of set-top boxes, handsets, cable modems and capital expenditures and to lock-in the value of certain derivative financial instruments through offsetting transactions.

Foreign exchange forward contracts:

Maturity	Canadian dollar average exchange rate per one U.S. dollar	Notional amount sold (in millions of dollars)		Notional amount bought (in millions of dollars)	
Less than 1 year	1.0454	$	85.6	US$	81.9
2014	1.0151	US$	395.0	$	401.0

Interest Rate Risk

Videotron's revolving and bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate (BA), (ii) Canadian prime rate and (iii) U.S. prime rate. The Senior Notes issued by Videotron bear interest at fixed rates. Videotron has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2013, after taking into account the hedging instruments, long-term debt was comprised of 83.6% fixed rate debt (83.1% in 2012) and 16.4% floating rate debt (16.9% in 2012).

The estimated sensitivity on interest payments of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2013 is $4.1 million.

Credit Risk

Credit risk is the risk of financial loss to Videotron if a customer or counterparty to a financial asset fails to meet its contractual obligations.

In the normal course of business, Videotron continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2013, no customer balance represented a significant portion of Videotron's consolidated accounts receivables. Videotron establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. The allowance for doubtful accounts amounted to $15.7 million as of December 31, 2013 ($16.6 million as of December 31, 2012). As of December 31, 2013, 8.6% of accounts receivables were 90 days past their billing date (9.2% as of December 31, 2012).

Videotron 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. Videotron 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, Videotron is exposed to the risk of non-performance by a third party. When Videotron enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with Videotron'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 Risks – 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 judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Principal Repayments

As at December 31, 2013, 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:

Year ending December 31,	(in thousands of dollars)
2014	$ 10,714
2015	196,709
2016	10,714
2017	10,714
2018	358,747
2019 and thereafter	1,850,881

ITEM 12 – DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

ITEM 13 – DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14 – MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

There have been no material modifications to the rights of security holders.

Use of Proceeds

Not applicable.

ITEM 15 – CONTROLS AND PROCEDURES

As at the end of the period covered by this report, Videotron's President and Chief Executive Officer and Videotron's Vice President, Finance and Chief Financial Officer, together with members of Videotron's senior management, have carried out an evaluation of the effectiveness of Videotron's 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) 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, Videotron's President and Chief Executive Officer and Videotron's Vice President, Finance and Chief Financial Officer, concluded that Videotron's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that Videotron files or submits under the Exchange Act is accumulated and communicated to management, including the company's principal executive and principal financial officer, to allow timely decisions regarding disclosure.

Videotron's management is responsible for establishing and maintaining adequate internal control over financial reporting of the company (as defined by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934). Videotron'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. Our 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 the assets of Videotron; (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 Videotron are being made only in accordance with authorizations of Videotron's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Videotron'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.

Videotron's management conducted an evaluation of the effectiveness of internal control over financial reporting based on the original framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Videotron's internal control over financial reporting was effective as of December 31, 2013.

Pursuant to the *Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010* and related SEC rules, Videotron is not required to include in its annual report an attestation report of Videotron's independent registered public accounting firm regarding Videotron's 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 Videotron's independent registered public accounting firm.

There have been no changes in Videotron'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, Videotron's internal control over financial reporting.

ITEM 16 – [RESERVED]

ITEM 16A – AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. La Couture is an "audit committee financial expert" (as defined in Item 16A of Form 20-F) serving on our Audit Committee. Our Board of Directors has determined that Mr. La Couture is an "independent" director, as defined under SEC rules.

ITEM 16B – CODE OF ETHICS

We have a code of ethics (as defined in Item 16B of Form 20-F) that applies to all directors, officers and employees of Videotron, 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, 2013, 2012 and 2011. The audited consolidated financial statements for each of the fiscal years in the three-year period ended December 31, 2013 are included in this annual report on Form 20-F.

The 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, 2013, 2012 and 2011, 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 auditors, Ernst & Young LLP, for the years ended December 31, 2013, 2012 and 2011.

	2013	2012	2011
Audit Fees(1)	$1,055,899	$ 947,524	$860,436
Audit related Fees(2)	$ 48,837	$ 74,051	$ 62,898
All Other Fees(3)	$ 10,710	$ 11,918	$ 11,865
Total	**$1,115,446**	**$1,033,493**	**$935,199**

(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.
(2) Audit-Related Fees include fees for the review of one subsidiary's financial statements and various reports to statutory authorities.
(3) All Other Fees include fees billed for assistance with Canadian, U.S. and international tax compliance.

ITEM 16D – EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

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.

ITEM 17 – FINANCIAL STATEMENTS

Not applicable.

ITEM 18 – FINANCIAL STATEMENTS

Our consolidated balance sheets as at December 31, 2013 and 2012 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, 2013, 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 Form 20-F:

1.1 Certificate and Articles of Amalgamation of Videotron Ltd. as of July 1, 2006 (translation) (incorporated by reference to Exhibit 1.1 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2006, filed on March 30, 2007).

1.2 Certificate and Articles of Amendment of Videotron Ltd. as of June 30, 2008 (incorporated by reference to Exhibit 1.2 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.3 Certificate and Articles of Amendment of Videotron Ltd. as of December 12, 2008 (incorporated by reference to Exhibit 1.3 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.4 By-laws of Videotron Ltd. (translation) (incorporated by reference to Exhibit 1.4 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.5 Certificate and Articles of Amalgamation of Le SuperClub Vidéotron ltée (translation) (incorporated by reference to Exhibit 1.5 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.6 By-laws of Le SuperClub Vidéotron ltée (translation) (incorporated by reference to Exhibit 1.6 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.7 Certificate of Amendment for Le SuperClub Vidéotron Ltée (translation).

1.8 Articles of Incorporation of Vidéotron Infrastructures Inc., as amended as of February 17, 2011 (incorporated by reference to Exhibit 1.7 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

1.9 By-laws of Vidéotron Infrastructures Inc. (translation) (incorporated by reference to Exhibit 1.8 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.10 Certificate of Incorporation of Videotron US Inc. as of September 20, 2007 (incorporated by reference to Exhibit 1.9 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.11 Amended and Restated Certificate of Incorporation of Videotron US Inc. as of October 1, 2008 (incorporated by reference to Exhibit 1.10 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.12 By-laws of Videotron US Inc. (incorporated by reference to Exhibit 1.11 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

1.13 Declaration of registration of Videotron G.P. (incorporated by reference to Exhibit 1.12 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

1.14 Declaration of registration of Videotron L.P. (incorporated by reference to Exhibit 1.13 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

1.15 Certificate and Articles of Constitution of 9230-7677 Québec inc. (translation) (incorporated by reference to Exhibit 1.14 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

1.16 By-laws of 9230-7677 Québec inc. (translation) (incorporated by reference to Exhibit 1.15 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.17 Certificate and Articles of Incorporation of Jobboom inc. (translation) (incorporated by reference to Exhibit 1.16 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.18 By-laws of Jobboom inc. (translation) (incorporated by reference to Exhibit 1.17 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.19 Certificate and Articles of Amalgamation of Jobboom Inc. as of May 30, 2013 (translation).

1.20 Certificate of Amendment of 8487782 Canada Inc. as of May 30, 2013 (translation).

1.21 By-laws of 8487782 Canada Inc. (translation).

1.22 Certificate and Articles of Constitution of 9227-2590 Québec inc. (translation) (incorporated by reference to Exhibit 1.18 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

1.23 By-laws of 9227-2590 Québec inc. (translation) (incorporated by reference to Exhibit 1.19 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.12 Form of 6 3/8% Senior Notes due December 15, 2015 of Videotron Ltd. (included as Exhibit A to Exhibit 2.14 below).

2.13 Form of Notation of Guarantee by the subsidiary guarantors of the 6 3/8% Senior Notes due December 15, 2015 of Videotron Ltd. (included as Exhibit E to Exhibit 2.14 below).

2.14 Indenture, dated as of September 16, 2005, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3 to Videotron Ltd.'s Registration Statement on Form F-4 dated October 14, 2005, Registration Statement No. 333-128998).

2.15 Supplemental Indenture, dated as of April 15, 2008, by and among Videotron Ltd., Videotron US Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of September 16, 2005 (incorporated by reference to Exhibit 2.10 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

2.16 Supplemental Indenture, dated as of September 29, 2010, by and among Videotron Ltd., 9227-2590 Québec inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of September 16, 2005 (incorporated by reference to Exhibit 2.14 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.17 Supplemental Indenture, dated as of December 22, 2010, by and among Videotron Ltd., Videotron G.P., Videotron L.P. and 9230-7677 Québec inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of September 16, 2005 (incorporated by reference to Exhibit 2.15 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.18 Supplemental Indenture, dated as of May 2, 2011, by and among Videotron Ltd., Jobboom inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of September 16, 2005 (incorporated by reference to Exhibit 2.19 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.19 Form of 9 1/8% Senior Notes due April 15, 2018 of Videotron Ltd. (included as Exhibit A to Exhibit 2.21 below).

2.20 Form of Notation of Guarantee of the subsidiary guarantors of the 9 1/8% Senior Notes due April 15, 2018 of Videotron Ltd. (included as Exhibit E to Exhibit 2.21 below).

2.21 Indenture, dated as of April 15, 2008, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 2.14 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

2.22 Supplemental Indenture, dated as of March 5, 2009, by and among Videotron Ltd., Le SuperClub Vidéotron Ltée, CF Cable TV Inc., Videotron US Inc. and 9193-2926 Québec inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 15, 2008 (incorporated by reference to Exhibit 2.16 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2009, filed on March 16, 2010).

2.23 Supplemental Indenture, dated as of September 29, 2010, by and among Videotron Ltd., 9227-2590 Québec inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 15, 2008 (incorporated by reference to Exhibit 2.21 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.24 Supplemental Indenture, dated as of December 22, 2010, by and among Videotron Ltd., Videotron G.P., Videotron L.P. and 9230-7677 Québec inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 15, 2008 (incorporated by reference to Exhibit 2.22 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.25 Supplemental Indenture, dated as of May 2, 2011, by and among Videotron Ltd., Jobboom inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 15, 2008 (incorporated by reference to Exhibit 2.29 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.26 Form of 7 1/8% Senior Notes due January 15, 2020 of Videotron Ltd. (included as Exhibit A to Exhibit 2.28 below).

2.27 Form of Notation of Guarantee of the subsidiary guarantors of the 7 1/8% Senior Notes due January 15, 2020 of Videotron Ltd. (included as Exhibit E to Exhibit 2.28 below).

2.28 Indenture, dated as of January 13, 2010, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 2.17 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2009, filed on March 16, 2010).

2.29 Supplemental Indenture, dated as of September 29, 2010, by and among Videotron Ltd., 9227-2590 Québec inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of January 13, 2010 (incorporated by reference to Exhibit 2.24 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.30 Supplemental Indenture, dated as of December 22, 2010, by and among Videotron Ltd., Videotron G.P., Videotron L.P. and 9230-7677 Québec inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of January 13, 2010 (incorporated by reference to Exhibit 2.25 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011).

2.31 Supplemental Indenture, dated as of May 2, 2011, by and among Videotron Ltd., Jobboom inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of January 13, 2010 (incorporated by reference to Exhibit 2.37 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.32 Form of 6 7/8% Senior Notes due July 15, 2021 of Videotron Ltd. (included as Exhibit A to Exhibit 2.34 below).

2.33 Form of Notation of Guarantee of the subsidiary guarantors of the 6 7/8% Senior Notes due July 15, 2021 of Videotron Ltd. (included as Exhibit E to Exhibit 2.34 below).

2.34 Indenture, dated as of July 5, 2011, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Computershare Trust Company of Canada, as trustee (incorporated by reference to Exhibit 2.42 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.35 Form of 5% Senior Notes due July 15, 2022 of Videotron Ltd. (included as Exhibit A to Exhibit 2.37 below).

2.36 Form of Notation of Guarantee by the subsidiary guarantors of the 5% Senior Notes due July 15, 2022 of Videotron Ltd. (included as Exhibit E to Exhibit 2.37 below).

2.37 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 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

2.38 Form of 5 5/8% Senior Notes due June 15, 2025 of Videotron Ltd. (incorporated by reference to Exhibit A to Exhibit 2.40).

2.39 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).

2.40 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.

4.1 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 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012).

4.2 First Amending Agreement, dated as of June 14, 2013, amending the 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., Videotron US Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., Videotron G.P., Videotron L.P. and 8487782 Canada Inc. as guarantors.

4.3 Form of Guarantee of the Guarantors of the Credit Agreement (included as Schedule D of Exhibit 4.1 above).

4.4 Form of Share Pledge of the shares of Videotron Ltd. and the Guarantors of the Credit Agreement (included as Schedule E of Exhibit 4.1 above).

4.5 Management Services Agreement, effective as of January 1, 2002, between Quebecor Media and Videotron Ltd. (incorporated by reference to Exhibit 10.5 to Videotron Ltd.'s Registration Statement on Form F-4 dated November 24, 2003, Registration Statement No. 333-110697).

7.1 Statement regarding calculation of ratio of earnings to fixed charges.

8.1 Subsidiaries of Videotron Ltd.

11.1 Code of Ethics. (incorporated by reference to Exhibit 11.1 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009).

12.1 Certification of Robert Dépatie, President and Chief Executive Officer of Videotron Ltd., pursuant to 15 U.S.C. Section 78(m)(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification of Marie Piuze, Vice-President, Control of Videotron Ltd., pursuant to 15 U.S.C. Section 78(m)(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification of Robert Dépatie, President and Chief Executive Officer of Videotron Ltd., pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

13.2 Certification of Marie Piuze, Vice-President, Control of Videotron Ltd. pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

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.

VIDEOTRON LTD.

By: /s/ Marie Piuze
Name: Marie Piuze

Title: Vice-President, Control

Dated: March 20, 2014

VIDEOTRON LTD.
CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2013, 2012 and 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and to the shareholder of Videotron Ltd.

We have audited the accompanying consolidated balance sheets of Videotron Ltd. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2013. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. We were not engaged to perform an audit of the Corporation's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Videotron Ltd. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/S/ ERNST & YOUNG LLP[1]
Montreal, Canada
March 12, 2014

[1] CPA auditor, CA, public accountancy permit no. A107913

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2013, 2012 and 2011
(in thousands of Canadian dollars)

	Note	2013	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Revenues				
Cable television		**$1,090,261**	$ 1,079,343	$ 1,012,604
Internet		**818,400**	772,497	698,234
Cable telephony		**473,798**	454,861	436,694
Mobile telephony		**220,561**	171,624	112,762
Business solutions		**63,525**	64,945	63,109
Equipment sales		**36,524**	43,412	55,953
Other		**8,754**	11,162	9,974
		2,711,823	2,597,844	2,389,330
Employee costs	2	**370,536**	359,278	320,281
Purchase of goods and services	2	**1,056,480**	1,034,862	995,461
Amortization		**561,743**	485,385	407,011
Financial expenses	3	**174,145**	179,498	161,211
Loss (gain) on valuation and translation of financial instruments	4	**163,725**	(75,738)	(53,869)
Loss (gain) on debt refinancing	5	**18,912**	(7,608)	(4,986)
Restructuring of operations and other special items	6	**684**	478	15,094
Income before income taxes		**365,598**	621,689	549,127
Income taxes				
Current	7	**79,792**	41,347	(22,778)
Deferred	7	**(50,343)**	74,508	127,845
		29,449	115,855	105,067
Income from continuing operations		**336,149**	505,834	444,060
Income from discontinued operations	8	**40,706**	8,145	12,175
Net income		**$ 376,855**	$ 513,979	$ 456,235
Net income from continuing operations attributable to				
Shareholder		**$ 335,842**	$ 505,610	$ 443,831
Non-controlling interests		**307**	224	229
Net income attributable to				
Shareholder		**$ 376,548**	$ 513,755	$ 456,006
Non-controlling interests		**307**	224	229

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2013, 2012 and 2011
(in thousands of Canadian dollars)

	Note	2013	2012 (restated, notes 1 (b), 9)	2011 (restated, notes 1 (b), 9)
Net income		**$376,855**	$ 513,979	$ 456,235
Other comprehensive income (loss):				
Items that may be reclassified to income:				
Cash flows hedges:				
(Loss) gain on valuation of derivative financial instruments		**(24,975)**	18,895	1,173
Deferred income taxes		**(349)**	672	(2,879)
Items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain (loss)	27	**56,755**	(11,072)	(29,799)
Deferred income taxes		**(15,197)**	2,979	8,012
Reclassification to income:				
(Gain) loss related to cash flows hedges	5	**(6,516)**	4,065	801
Deferred income taxes		**199**	(1,500)	(200)
		9,917	14,039	(22,892)
Comprehensive income		**$386,772**	$ 528,018	$ 433,343
Comprehensive income attributable to				
Shareholder		**$386,465**	$ 527,794	$ 433,114
Non-controlling interests		**307**	224	229

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF EQUITY
Years ended December 31, 2013, 2012 and 2011
(in thousands of Canadian dollars)

	Equity attributable to shareholder				
	Capital stock (note 20)	Retained earnings	Accumulated other comprehensive loss (note 22)	Equity attributable to non-controlling interests	Total equity
Balance as of December 31, 2010 as previously reported	$ 3,401	$ 733,843	$ (4,139)	$ 1,140	$ 734,245
Changes in accounting policies (note 1 (b))	—	6,034	(6,034)	—	—
Related party transaction (note 9)	—	(18,604)	—	—	(18,604)
Balance as of December 31, 2010, as restated	3,401	721,273	(10,173)	1,140	715,641
Net income	—	456,006	—	229	456,235
Other comprehensive loss	—	—	(22,892)	—	(22,892)
Acquisition of a subsidiary from an affiliated corporation (note 8)	—	(32,140)	—	—	(32,140)
Dividends	—	(140,000)	—	(55)	(140,055)
Balance as of December 31, 2011	3,401	1,005,139	(33,065)	1,314	976,789
Net income	—	513,755	—	224	513,979
Other comprehensive income	—	—	14,039	—	14,039
Related party transaction (note 9)	—	30,000	—	—	30,000
Acquisition of a non-controlling interest	—	—	—	(38)	(38)
Dividends	—	(760,000)	—	(463)	(760,463)
Balance as of December 31, 2012	3,401	788,894	(19,026)	1,037	774,306
Net income	—	376,548	—	307	376,855
Other comprehensive income	—	—	9,917	—	9,917
Related party transaction (note 9)	—	22,953	—	—	22,953
Dividends	—	(361,880)	—	(401)	(362,281)
Balance as of December 31, 2013	**$ 3,401**	**$ 826,515**	**$ (9,109)**	**$ 943**	**$ 821,750**

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2013, 2012 and 2011
(in thousands of Canadian dollars)

	Note	2013	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Cash flows related to operating activities				
Net income from continuing operations		**$ 336,149**	$ 505,834	$ 444,060
Adjustments for:				
Amortization of fixed assets	12	**455,189**	388,455	322,526
Amortization of intangible assets	13	**106,554**	96,930	84,485
Loss (gain) on valuation and translation of financial instruments	4	**163,725**	(75,738)	(53,869)
Amortization of financing costs and long-term debt premium or discount	3	**5,263**	5,572	4,238
Deferred income taxes	7	**(50,343)**	74,508	127,845
Loss (gain) on debt refinancing	5	**18,912**	(7,608)	(4,986)
Other		**2,882**	3,679	1,034
		1,038,331	991,632	925,333
Net change in non-cash balances related to operating activities		**20,009**	156,215	(32,880)
Cash flows provided by continuing operating activities		**1,058,340**	1,147,847	892,453
Cash flows related to investing activities				
Additions to fixed assets	12	**(546,842)**	(670,238)	(725,205)
Additions to intangible assets	13	**(51,652)**	(75,615)	(70,767)
Net proceeds from business disposal	8	**50,318**	—	—
Dividends from an affiliated corporation	9	**10,500**	30,000	—
Acquisition of a subsidiary from an affiliated corporation	8	**—**	—	(32,140)
Other		**12,801**	7,043	4,890
Cash flows used in continuing investing activities		**(524,875)**	(708,810)	(823,222)
Cash flows related to financing activities				
Issuance of long-term debt, net of financing fees	18	**394,820**	787,571	294,846
Net borrowings under bank credit facilities, net of financing fees	18	**(10,714)**	(10,714)	65,781
Repayment of long-term debt	5, 18	**(417,833)**	(394,094)	(248,291)
Settlement of hedging contracts	5	**19,431**	(2,934)	(54,777)
Dividends		**(361,880)**	(760,000)	(140,000)
Other		**(1,223)**	(503)	(14)
Cash flows used in continuing financing activities		**(377,399)**	(380,674)	(82,455)
Net change in cash and cash equivalents from continuing operations		**156,066**	58,363	(13,224)
Cash flows provided by discontinued operations	8	**3,172**	10,775	11,808
Cash and cash equivalents at beginning of year		**163,231**	94,093	95,509
Cash and cash equivalents at end of year		**$ 322,469**	$ 163,231	$ 94,093

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2013, 2012 and 2011
(in thousands of Canadian dollars)

	2013	2012 (restated, notes 8, 9)	2011 (restated, notes 8, 9)
Additional information on the consolidated statements of cash flows			
Cash and cash equivalents consist of			
Cash (bank overdraft)	**$ 93,156**	$ 10,522	$ (22,406)
Cash equivalents	**229,313**	152,709	116,499
	$322,469	$163,231	$ 94,093
Changes in non-cash balances related to operating activities			
Accounts receivable	**$ 4,444**	$ (1,161)	$ (18,577)
Amounts receivable from and payable to affiliated corporations	**11,341**	9,846	(2,616)
Inventories	**1,147**	27,246	(26,616)
Prepaid expenses	**(9,344)**	(2,406)	4,531
Accounts payable, accrued charges and provisions	**(43,944)**	85,286	17,502
Income taxes	**59,320**	40,563	(23,030)
Stock-based compensation	**(3,477)**	(2,920)	(2,750)
Deferred revenues	**(1,249)**	(408)	24,332
Defined benefit plans	**(6,068)**	(1,381)	(3,831)
Other	**7,839**	1,550	(1,825)
	$ 20,009	$156,215	$ (32,880)
Non-cash investing activities			
Net change in additions to fixed assets and intangible assets financed with accounts payable	**$ (1,243)**	$ 49,516	$ (28,956)
Interest and taxes reflected as operating activities			
Cash interest payments	**$168,436**	$165,025	$163,365
Cash income tax payments (net of refunds)	**21,789**	912	1,008

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED BALANCE SHEETS

December 31, 2013 and 2012
(in thousands of Canadian dollars)

	Note	2013	2012 (restated, note 9)
Assets			
Current assets			
Cash and cash equivalents		**$ 322,469**	$ 163,231
Accounts receivable		**250,170**	257,127
Income taxes	7	**1,615**	—
Amounts receivable from affiliated corporations	26	**26,113**	17,968
Inventories	10	**94,260**	95,407
Prepaid expenses		**26,941**	18,175
Total current assets		**721,568**	551,908
Non-current assets			
Investments	11	**2,280,000**	1,630,000
Fixed assets	12	**2,908,082**	2,831,020
Intangible assets	13	**624,066**	681,941
Goodwill	14	**429,252**	448,752
Subordinated loan to affiliated corporation	26	**—**	800,000
Derivative financial instruments	25	**29,638**	3,175
Deferred income taxes	7	**—**	3,908
Other assets	15	**36,790**	41,403
Total non-current assets		**6,307,828**	6,440,199
Total assets		**$7,029,396**	$ 6,992,107

VIDEOTRON LTD.
CONSOLIDATED BALANCE SHEETS (continued)

December 31, 2013 and 2012
(in thousands of Canadian dollars)

	Note	2013	2012 (restated, note 9)
Liabilities and equity			
Current liabilities			
Accounts payable and accrued charges	16	**$ 408,621**	$ 460,504
Amounts payable to affiliated corporations	26	**38,338**	37,692
Provisions	17	**10,757**	7,810
Deferred revenue		**247,753**	249,094
Income taxes	7	**84,522**	28,998
Derivative financial instruments	25	**116,230**	—
Current portion of long-term debt	18	**10,714**	10,714
Total current liabilities		**916,935**	794,812
Non-current liabilities			
Long-term debt	18	**2,388,391**	2,116,343
Subordinated loan from parent corporation	11	**2,280,000**	1,630,000
Redeemable preferred shares	26	**—**	800,000
Derivative financial instruments	25	**77,278**	234,419
Deferred income taxes	7	**492,078**	527,073
Other liabilities	19	**52,964**	115,154
Total non-current liabilities		**5,290,711**	5,422,989
Total liabilities		**6,207,646**	6,217,801
Equity			
Capital stock	20	**3,401**	3,401
Retained earnings		**826,515**	788,894
Accumulated other comprehensive loss	22	**(9,109)**	(19,026)
Equity attributable to shareholder		**820,807**	773,269
Non-controlling interests		**943**	1,037
Total equity		**821,750**	774,306
Commitments and contingencies	17, 23		
Guarantees	24		
Subsequent event	28		
Total liabilities and equity		**$7,029,396**	$ 6,992,107

See accompanying notes to consolidated financial statements.

On March 12, 2014, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2013, 2012 and 2011.

On behalf of the Board of Directors,

/s/ Françoise Bertrand,
Director

/s/ Jean La Couture,
Director

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

Videotron Ltd. (the "Corporation") is incorporated under the laws of Québec and is a wholly owned subsidiary of Quebecor Media Inc. (the parent corporation) and is a subsidiary of Quebecor Inc. (the ultimate parent corporation). The Corporation's head office and registered office is located at 612, rue Saint-Jacques, Montreal (Québec), Canada. The percentages of voting rights and of equity in its major subsidiaries are as follows:

	% equity and voting
Videotron G.P.	100.0%
Videotron L.P.	100.0%
Videotron Infrastructures Inc.	100.0%
Videotron US Inc.	100.0%
SETTE Inc.	84.53%

The Corporation offers television distribution, Internet, business solutions, cable and mobile telephony services in Canada and operates in the rental of movies and televisual products through its video-on-demand services.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands 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(j)), the liability related to stock-based compensation (note 1(s)), and the net defined benefit liability (note 1(t)), and are presented in Canadian dollars ("CAN dollars"), which is the currency of the primary economic environment in which the Corporation and its subsidiaries operate ("functional currency").

Comparative figures for the years ended December 31, 2012 and 2011 have been restated to conform to the presentation adopted for the year ended December 31, 2013.

(b) Changes in accounting policies

On January 1, 2013, the Corporation adopted retrospectively the following standards. Unless otherwise indicated, the adoption of these new standards did not have a material impact on prior period comparative figures.

(i) IFRS 10 *Consolidated Financial Statements* replaces SIC 12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements* and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent corporation.

(ii) IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interest in joint ventures. The new standard requires that such interests be recognized using the equity method.

(iii) IFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles.

(iv) IFRS 13 *Fair Value Measurement* is a new and comprehensive standard that sets out a framework for measuring at fair value and that provides guidance on required disclosures about fair value measurements.

(v) IAS 1 *Presentation of Financial Statements* was amended and the principal change resulting from amendments to this standard is the requirement to present separately other comprehensive items that may be reclassified to income and other comprehensive items that will not be reclassified to income.

(vi) IAS 19 *Employee Benefits (Amended)* involves, among other changes, the immediate recognition of the re-measurement component in other comprehensive income, thereby removing the accounting option previously available in IAS 19 to recognize or to defer recognition of changes in defined benefit obligations and in the fair value of plan assets directly in the consolidated statement of income. IAS 19 also introduces a net interest approach that replaces the expected return on assets and interest costs on the defined benefit obligation with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. In addition, all past service costs are required to be recognized in profit or loss when the employee benefit plan is amended and no longer spread over any future service period. IAS 19 also allows amounts recorded in other comprehensive income to be recognized either immediately in retained earnings or as a separate category within equity. The Corporation chose to recognize amounts recorded in other comprehensive income in accumulated other comprehensive income.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

(vi) IAS 19 *Employee Benefits (Amended)* (continued)

The adoption of the amended standard had the following impacts on prior period figures:

Consolidated statements of income

Increase (decrease)	2012	2011
Employee costs	$ 128	$ 452
Financial expenses	3,479	2,105
Deferred income taxes	(970)	(688)
Income from continuing operations	$(2,637)	$(1,869)
Income from continuing operations attributable to:		
Shareholder	$(2,637)	$(1,869)
Non-controlling interests	—	—

Consolidated statements of comprehensive income

Increase (decrease)	2012	2011
Net income	$(2,637)	$(1,869)
Re-measurement loss	(3,607)	(2,557)
Deferred income taxes	970	688
Comprehensive income	$ —	$ —

Consolidated balance sheets

Increase (decrease)	2012	2011
Retained earnings	$ 35,914	$ 27,821
Accumulated other comprehensive loss	(35,914)	(27,821)

(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.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Consolidation (continued)

Non-controlling interests in the net assets and results of consolidated subsidiaries are identified separately from the parent's ownership interest in them. 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.

(d) Business combinations

A business combination 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.

Non-controlling interests in an entity acquired are presented in the consolidated balance sheet within equity, separately from the equity attributable to the shareholder and are initially measured at fair value.

(e) Foreign currency translation

Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. Translation gains and losses on 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, unless hedge accounting is used.

(f) Revenue recognition

The Corporation recognizes operating revenues when the following criteria are met:

- the amount of revenue can be measured reliably;
- the receipt of economic benefits associated with the transaction is probable;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- the stage of completion can be measured reliably where services have been rendered; and
- significant risks and rewards of ownership, including effective control, have been transferred to the buyer where goods have been sold.

The portion of revenue that is unearned is recorded under "Deferred revenue" when customers are invoiced.

Revenue recognition policies for each of the Corporation's main product lines are as follows:

The cable and mobile services are provided under arrangements with multiple deliverables, for which there are two separate accounting units: one for subscriber services (cable television, Internet, cable telephony or mobile telephony, including connection costs and rental of equipment); the other for equipment sales to subscribers. Components of multiple deliverable arrangements are separately accounted for, provided the delivered elements have stand-alone value to the customer and the fair value of any undelivered elements can be objectively and reliably determined. Arrangement consideration is allocated among the separate accounting units based on their relative fair values.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

Cable connection revenues are deferred and recognized as revenues over the estimated average period that subscribers are expected to remain connected to the network. The incremental and direct costs related to cable connection costs, in an amount not exceeding the revenue, are deferred and recognized as an operating expense over the same period. The excess of those costs over the related revenues is recognized immediately in income. Operating revenues from cable and other services, such as Internet access, cable and mobile telephony, are recognized when services are rendered. Promotional offers and rebates are accounted for as a reduction in the service revenue to which they relate. Revenues from equipment sales to subscribers and their costs are recognized in income when the equipment is delivered. Promotional offers related to equipment sales, with the exclusion of mobile devices, are accounted for as a reduction of related equipment sales on delivery while promotional offers related to the sale of mobile devices are accounted for as a reduction of related equipment sales on activation. Operating revenues related to service contracts are recognized in income over the life of the specific contracts on a straight-line basis over the period in which the 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, other 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 to sell and the value in use of the asset or the CGU. Fair value less costs to sell 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 if no impairment losses had been previously recognized.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 subsequently reduced, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized in other comprehensive income or otherwise 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 due 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.

(i) Leases

Assets under leasing agreements are classified at the inception of the lease as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee, or as (ii) operating leases for all other leases.

Operating lease rentals are recognized in the consolidated statement of income on a straight-line basis over the period of the lease. Any lessee incentives are deferred and then recognized evenly over the lease term.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments

Classification, recognition and measurement

Financial instruments are classified as held for trading, available for sale, held to maturity, loans and receivables, or as other financial liabilities, and measurement in subsequent periods depends on their classification. The Corporation has classified its financial instruments (except derivative financial instruments) as follows:

Held for trading	Loans and receivables	Available for sale	Other liabilities
• Cash and cash equivalents	• Accounts receivable • Amounts receivable from affiliated corporations • Investments • Subordinated loan to an affiliated corporation	• Other portfolio investments included in "Other assets"	• Accounts payable and accrued charges • Amounts payable to affiliated corporations • Provisions • Long-term debt • Subordinated loan from parent corporation • Redeemable preferred shares • Other long-term financial liabilities included in "Other liabilities"

Financial instruments held-for-trading are measured at fair value with changes recognized in income as a gain or loss on valuation and translation of financial instruments. Available-for-sale portfolio investments are measured at fair value or at cost in the case of equity investments that do not have a quoted market price in an active market and where fair value is insufficiently reliable, and changes in fair value are recorded in other comprehensive income. Financial assets classified as loans and receivables and financial liabilities classified as other liabilities are initially measured at fair value and subsequently measured at amortized cost, using the effective interest rate method of amortization.

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 items 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 derivative financial instruments when the hedge is put in place and on an ongoing basis.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (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. The Corporation also uses foreign exchange forward contracts in combination with cross-currency interest rate swaps to hedge foreign currency rate exposure on interest and principal payments on long-term debt. 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.

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 these 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, such as early settlement options on long-term debt, 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 income as a gain or loss on valuation and translation of financial instruments.

Early settlement options are not considered closely related to their debt contract and are accordingly accounted for separately from the debt when the corresponding option exercise price is not approximately equal to the amortized cost of the debt.

(k) 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.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Tax credits and government assistance

The Corporation receives tax credits mainly related to its research and development 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 met.

(m) 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.

(n) Accounts receivable

Accounts receivable are stated at their nominal value, less an allowance for doubtful accounts. The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. Individual accounts receivable are written off when management deems them not collectible.

(o) Inventories

Inventories are valued at the lower of cost, determined by 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.

(p) Fixed assets

Fixed assets are stated 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 fixed assets when the development of the asset commenced after January 1, 2010. Future expenditures, such as maintenance and repairs, are expensed as incurred.

Amortization is calculated on a straight-line basis over the following estimated useful lives:

Assets	Estimated useful life
Buildings and their components	25 to 40 years
Furniture and equipment	3 to 7 years
Receiving, distribution and telecommunication networks	3 to 20 years
Customer equipment	3 to 7 years

Amortization methods, residual values, and the useful lives of significant fixed assets are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Leasehold improvements are amortized over the shorter of the term of the lease and economic life.

The Corporation and Rogers Communications Partnership are engaged in an agreement to build out and operate a shared Long-Term Evolution wireless network in the Province of Québec and in the Ottawa region.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Fixed assets (continued)

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 these assets. A decommissioning obligation is however recorded for the rental of sites related to the advanced mobile network.

(q) Goodwill and intangible assets

Goodwill

For all business acquisitions entered into since January 1, 2010, 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. When the Corporation acquires less than 100% of the equity interests in the business acquired at the acquisition date, goodwill attributable to the non-controlling interests is also recognized at fair value.

For business acquisitions that occurred prior to January 1, 2010, goodwill represented the excess of the cost of acquisition over the Corporation's interest in the fair value of the identifiable assets and liabilities of the business acquired at the date of acquisition. No goodwill attributable to non-controlling interests was recognized for these business acquisitions.

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.

Intangible assets

Internally generated intangible assets are mainly comprised of internal costs in connection with the development of software to be used internally or for providing 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.

Borrowing costs directly attributable to the acquisition, development or production of an intangible asset that commenced after January 1, 2010 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 life
Advanced mobile services ("AWS") spectrum licences[1]	10 years
Software and other intangible assets	3 to 7 years

[1] *The useful life represents the initial term of the licences issued by Industry Canada.*

Amortization methods, residual values, and the useful lives of significant intangible assets are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statement of income in the reporting period in which changes occur.

(s) Stock-based compensation

Stock-based awards to employees that call for settlement in cash or other assets at the option of the employee 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.

Estimates of the fair value of stock option awards are determined by applying an option-pricing model, taking into account the terms and conditions of the grant. Key assumptions are described in note 21.

(t) 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;
- 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.

VIDEOTRON LTD.
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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 income and in accumulated other comprehensive income. 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 calculated as part of the interest on net defined benefit liability or asset;
- changes in the net benefit asset limit or 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 to which 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 health and life 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.

(u) 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 these 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 to sell or its value in use. These estimates are based on valuation models requiring the use of a number of assumptions such as 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 statement of income. A description of key assumptions used in the goodwill impairment tests and a sensitivity analysis of recoverable amounts are presented in note 14.

(ii) Fair value of derivative financial instruments, including embedded derivatives not closely related to the host contract

Derivative financial instrument must be accounted for at their fair value, which is estimated using valuation models based on a number of assumptions such as future cash flows, period-end swap rates, foreign exchange rates, and credit default premium. Also, the fair value of embedded derivatives related to early settlement option on debt is determined with option pricing models using market inputs, including volatility, discount factors and underlying instruments adjusted implicit interest rate and credit premium. The assumptions used in the valuation models have a significant impact on the gain or loss on valuation and translation of financial instruments recorded in the consolidated statement of income, the gain or loss on valuation of financial instruments recorded in the consolidated statement of comprehensive income, and the carrying value of derivative financial instruments in the consolidated balance sheet. A description of valuation models used and sensitivity analysis on key assumptions are presented in note 25.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Use of estimates and judgments (continued)

(iii) 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 statement of income, the re-measurement gain or loss on defined benefit plans recorded in the consolidated statement of comprehensive income, and on the carrying value of other assets or other liabilities in the consolidated balance sheet. Key assumptions and sensitivity analysis on discount rate are presented in note 27.

(iv) Provisions

The recognition of provisions requires management to estimate expenditure required to settle a present obligation or to transfer it to third parties at the date of assessment. An assessment of the probable outcomes of legal proceedings or other contingency is also required. A description of the main provisions, including management expectations on the potential effect on the consolidated financial statements of the possible outcomes of legal disputes, is presented in note 17.

The following areas represent management's most significant judgments, apart from those involving estimates:

(i) Determination of useful life periods for the 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 amortization charge recorded in the consolidated statements of income.

(ii) Determination of CGUs for the purpose of impairment test

The determination of CGUs requires judgment when determining the lowest level for which there are separately identifiable cash inflows generated by the group of assets. In identifying assets to group in CGUs, the Corporation considers, among other factors, offering bundled services, sharing telecommunication networks infrastructure, similarity on exposure to market risk, and materiality. The determination of CGUs could affect the results of impairment tests and, as the case may be, the impairment charge recorded in the consolidated statement of income.

(iii) Determination if early settlement options are not closely related to their debt contract

Early settlement options are not considered closely related to their debt contract when the corresponding option exercise price is not approximately equal to the amortized cost of the debt. Judgment is required to determine if an option exercise price is not approximately equal to the amortized cost of the debt. This determination may have a significant impact on the amount of gains or losses on valuation and translation of financial instruments recorded in the consolidated statement of income.

(iv) Interpretation of laws and regulations

Interpretation of laws and regulation, including tax regulations, requires judgment from management that could have an impact on the recognition of provisions for legal litigation and income taxes in the consolidated financial statements.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Recent accounting pronouncements

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements.

(i) *IFRS 9 – Financial Instruments* is required to be applied retrospectively, with early adoption permitted.

IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, Financial Instruments: Recognition and Measurement. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

(ii) *IFRIC 21 – Levies* is required to be applied retrospectively for periods beginning January 1, 2014.

IFRIC 21 clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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2. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components are as follows:

	2013	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Employee costs	**$ 488,901**	$ 479,579	$ 438,016
Less: employee costs capitalized to fixed assets and intangible assets	**(118,365)**	(120,301)	(117,735)
	370,536	359,278	320,281
Purchase of goods and services			
Royalties and rights	**426,455**	425,103	400,119
Cost of sales	**144,891**	134,639	161,167
Subcontracting costs	**103,335**	113,369	116,237
Marketing and distribution expenses	**57,101**	68,321	61,294
Other	**324,698**	293,430	256,644
	1,056,480	1,034,862	995,461
	$1,427,016	$ 1,394,140	$ 1,315,742

3. FINANCIAL EXPENSES

	2013	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Third parties :			
Interest on long-term debt	**$ 171,803**	$ 175,433	$ 159,491
Amortization of financing costs and long-term debt premium or discount	**5,263**	5,572	4,238
Loss on foreign currency translation on current monetary items	**2,333**	2,683	1,550
Other	**(2,755)**	(2,297)	(1,446)
	176,644	181,391	163,833
Affiliated corporations :			
Interest expense (net of interest income)	**254,580**	188,146	99,125
Dividend income (net of dividend expense)	**(260,909)**	(193,518)	(103,852)
	(6,329)	(5,372)	(4,727)
Interest on net defined benefit liability	**3,830**	3,479	2,105
	$ 174,145	$ 179,498	$ 161,211

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. LOSS (GAIN) ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

	2013	2012	2011
Loss (gain) on embedded derivatives	**$ 97,423**	$(80,674)	$(56,730)
Loss on reversal of embedded derivatives upon debt redemption (note 5)	**67,002**	6,316	2,273
Loss (gain) on derivative financial instruments for which hedge accounting is not used	**448**	(1,380)	—
Gain on the ineffective portion of cash flow hedges	**(1,148)**	—	—
Loss on the ineffective portion of fair value hedges	**—**	—	588
	$163,725	$(75,738)	$(53,869)

5. LOSS (GAIN) ON DEBT REFINANCING

2013

In 2013, the Corporation redeemed US$380.0 million in aggregate principal amount of its issued and outstanding 9.125% Senior Notes due April 2018 and settled its related hedging contracts for a total cash consideration of $399.6 million. This transaction resulted in a total loss of $18.9 million (before income taxes), including a gain of $6.5 million previously recorded in other comprehensive income.

2012

In March 2012, the Corporation redeemed all of its 6.875% Senior Notes due January 2014 in an aggregate principal amount of US$395.0 million for a total cash consideration of $394.1 million. This transaction resulted in a total gain of $7.6 million (before income taxes), including a loss of $4.1 million previously recorded in other comprehensive income.

2011

In July 2011, the Corporation redeemed US$255.0 million in aggregate principal amount of its issued and outstanding 6.875% Senior Notes due January 2014 and settled its related hedging contracts, representing a total cash consideration of $303.1 million. This transaction resulted in a total gain of $5.0 million (before income taxes), including a loss of $0.8 million previously recorded in other comprehensive income.

6. RESTRUCTURING OF OPERATIONS AND OTHER SPECIAL ITEMS

	2013	2012 (restated, note 9)	2011 (restated, note 9)
Restructuring of operations[1]	**$ —**	$ 407	$ 14,802
Other	**684**	71	292
	$ 684	$ 478	$ 15,094

[1] *Costs for the migration of the Corporation's pre-existing Mobile Virtual Network Operator subscribers to its wireless network.*

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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7. INCOME TAXES

The following table reconciles income taxes at the Corporation's domestic statutory tax rate of 26.9% in 2013 (26.9% in 2012 and 28.4% in 2011), and income taxes in the consolidated statements of income:

	2013	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Income taxes at domestic statutory tax rate	**$ 98,346**	$ 167,234	$ 155,952
(Reduction) increase resulting from:			
Effect of non-deductible charges, non-taxable income and differences between current and future tax rates	**(1,856)**	(2,522)	(10,611)
Effect of tax consolidation transactions with the parent corporation and affiliated corporations	**(70,185)**	(52,057)	(45,094)
Other	**3,144**	3,200	4,820
Income taxes	**$ 29,449**	$ 115,855	$ 105,067

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		
	2013	2012 (restated, note 9)	**2013**	2012 (restated, notes 1 (b), 8, 9)	2011 (restated, notes 1 (b), 8, 9)
Loss carryforwards	**$ —**	$ 493	**$ —**	$ (41,495)	$ 45,245
Accounts payable, accrued charges and provisions	**3,816**	3,918	**(102)**	(583)	(1,116)
Defined benefit plans	**2,085**	17,826	**(544)**	576	(567)
Fixed assets	**(369,348)**	(349,215)	**(20,133)**	(30,412)	(43,440)
Goodwill and intangible assets	**(55,566)**	(58,086)	**5,936**	(5,746)	(3,802)
Benefits from a general partnership	**(87,370)**	(101,831)	**14,461**	6,815	(108,646)
Long-term debt and derivative financial instruments	**22,988**	(25,536)	**48,674**	(3,901)	(14,082)
Other	**(8,683)**	(10,734)	**2,051**	238	(1,437)
	$(492,078)	$(523,165)	**$ 50,343**	$ (74,508)	$ (127,845)

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. INCOME TAXES (continued)

Changes in the net deferred income tax liability are as follows:

	2013	2012 (restated, notes 8, 9)
Balance as of beginning of the year	**$(523,165)**	$(450,056)
Recognized in statements of income	**50,343**	(74,508)
Recognized in other comprehensive income	**(15,347)**	2,151
Discontinued operations and other	**(3,909)**	(752)
Balance as of the end of the year	**$(492,078)**	$(523,165)
Deferred income tax asset	**$ —**	$ 3,908
Deferred income tax liability	**(492,078)**	(527,073)
	$(492,078)	$(523,165)

The Corporation has not recognized a deferred income tax liability for the undistributed earnings of its foreign subsidiary in the current or prior years since the Corporation does not expect to sell or repatriate funds from those investments, in which case the undistributed earnings might become taxable.

There are no income tax consequences attached to the payment of dividends in 2013, 2012 or 2011 by the Corporation to its shareholder.

8. DISCONTINUED OPERATIONS

On May 1, 2011, the Corporation acquired Jobboom Inc., a subsidiary of an affiliated corporation, for a total cash consideration of $32.1 million. Since the transaction occurred between wholly owned subsidiaries of the parent corporation, the acquisition was accounted for using the continuity of interest method and the cash consideration paid was recorded in reduction of retained earnings.

On May 31, 2013, the Corporation sold its specialized Web sites *Jobboom* and *Réseau Contact* to its parent corporation, for a total consideration of $65.0 million. This transaction resulted in a gain on sale of $38.0 million. The results and cash flows related to these businesses, as well as the gain of $38.0 million on the sale of *Jobboom* and *Réseau Contact*, were reclassified as discontinued operations in the consolidated statements of income and cash flows as this transaction occurred in connection with the sale of Jobboom and Réseau Contact by the parent corporation to an external party in 2013.

9. CORPORATE REORGANIZATION

On December 29, 2013, the Corporation sold all the operating assets and liabilities of Le Superclub Videotron to a wholly owned subsidiary of its parent corporation for a total consideration of $11.1 million. Since as a result of this transaction, no substantive changes have occurred in the parent corporation reporting group and in accordance with the reporting group accounting policy, all figures related to Le Superclub Videotron have been restated as if Le Superclub Videotron had never been a subsidiary of the Corporation.

The total consideration received in 2013, as well as dividends received in 2013 and in prior years were presented directly in retained earnings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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9. CORPORATE REORGANIZATION (continued)

The following table summarizes the impact of this corporate reorganization on the Corporation's consolidated balance sheet:

	December 31, 2012
Le Superclub Vidéotron Ltée	
Total assets	$ 785,916
Total liabilities	(800,181)
Decrease in net assets	$ (14,265)

10. INVENTORIES

	2013	2012 (restated, note 9)
Customer equipment	**$78,831**	$ 78,278
Network materials	**15,429**	17,129
	$94,260	$ 95,407

Cost of inventories included in purchase of goods and services and restructuring of operations amounted to $120.7 million in 2013 ($110.6 million in 2012 and $143.2 million in 2011). Write-downs of inventories totalling $0.5 million were recognized in purchase of goods and services in 2013 ($2.7 million in 2012 and $13.3 million in 2011).

11. SUBORDINATED LOAN FROM PARENT CORPORATION

	2013	2012
Subordinated loan – Quebecor Media Inc.	**$2,280,000**	$1,630,000

On September 20, 2013, the Corporation contracted a subordinated loan of $3.25 billion from Quebecor Media Inc., bearing interest at a rate of 10.75%, payable every six months on June 20 and December 20, and maturing on September 20, 2043. On the same day, the Corporation invested the total proceeds of $3.25 billion into 3,250,000 preferred shares, Series B, of 9101-0835 Québec Inc., a subsidiary of Quebecor Media Inc. These shares carry the right to receive an annual dividend of 10.85%, payable semi-annually.

On December 27, 2013, 9101-0835 Québec Inc., a subsidiary of Quebecor Media Inc., redeemed 2,600,000 preferred shares, Series B, for a total cash consideration of $2.6 billion, including cumulative dividends of $5.4 million. On the same day, the Corporation used the total proceeds of $2.6 billion to repay part of its subordinated loan contracted from Quebecor Media Inc.

The above transactions were carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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12. FIXED ASSETS

For the years ended December 31, 2013 and 2012, changes in the net carrying amount of fixed assets are as follows:

	Land and buildings	Furniture and equipment	Receiving and distribution networks	Customer equipment	Projects under development	Total
Cost:						
Balance as of December 31, 2011	$127,303	$ 371,723	$4,184,618	$264,339	$ 62,200	$5,010,183
Additions	27,854	50,764	390,304	140,464	60,852	670,238
Net change in additions financed with accounts payable	(97)	(1,633)	(45,915)	1,640	1,272	(44,733)
Reclassification and other items	—	23,058	56,744	—	(81,661)	(1,859)
Retirement or disposals	(2,342)	(4,621)	(82,713)	(15,849)	—	(105,525)
Balance as of December 31, 2012	152,718	439,291	4,503,038	390,594	42,663	5,528,304
Additions	15,608	46,286	293,773	119,899	71,276	546,842
Net change in additions financed with accounts payable	—	(48)	(4,994)	(1,540)	1,095	(5,487)
Reclassification and other items	—	11,916	50,968	—	(64,086)	(1,202)
Retirement or disposals	(101)	(4,967)	(66,727)	(13,922)	—	(85,717)
Balance as of December 31, 2013	**$168,225**	**$ 492,478**	**$4,776,058**	**$495,031**	**$ 50,948**	**$5,982,740**

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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12. FIXED ASSETS (continued)

	Land and buildings	Furniture and equipment	Receiving and distribution networks	Customer equipment	Projects under development	Total
Accumulated amortization:						
Balance as of December 31, 2011	$ (44,567)	$ (165,091)	$(2,074,762)	$(124,529)	$ —	$(2,408,949)
Amortization	(3,400)	(47,964)	(282,771)	(54,320)	—	(388,455)
Retirement and disposals	2,317	3,928	82,291	11,584	—	100,120
Balance as of December 31, 2012	(45,650)	(209,127)	(2,275,242)	(167,265)	—	(2,697,284)
Amortization	(5,093)	(54,052)	(309,054)	(86,990)	—	(455,189)
Retirement and disposals	101	3,211	65,717	8,786	—	77,815
Balance as of December 31, 2013	**$ (50,642)**	**$ (259,968)**	**$(2,518,579)**	**$(245,469)**	**$ —**	**$(3,074,658)**
Net carrying amount:						
As of December 31, 2012	107,068	230,164	2,227,796	223,329	42,663	2,831,020
As of December 31, 2013	**$117,583**	**$ 232,510**	**$ 2,257,479**	**$ 249,562**	**$ 50,948**	**$ 2,908,082**

VIDEOTRON LTD.
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13. INTANGIBLE ASSETS

For the years ended December 31, 2013 and 2012, changes in the net carrying amount of intangible assets are as follows:

	AWS spectrum licenses[1]	Software and other intangible assets	Projects under development	Total
Cost:				
Balance as of December 31, 2011	$554,549	$ 336,379	$ 28,846	$ 919,774
Additions	—	57,057	18,558	75,615
Net change in additions financed with accounts payable	—	(4,779)	(4)	(4,783)
Business disposal (note 8)	—	1,981	(952)	1,029
Retirements	—	(628)	—	(628)
Reclassification and other items	—	27,330	(29,286)	(1,956)
Balance as of December 31, 2012	554,549	417,340	17,162	989,051
Additions	—	37,431	14,221	51,652
Net change in additions financed with accounts payable	—	4,246	(2)	4,244
Business disposal (note 8)	—	(4,012)	—	(4,012)
Retirements	—	(5,839)	—	(5,839)
Reclassification and other items	—	19,590	(21,509)	(1,919)
Balance as of December 31, 2013	**$554,549**	**$ 468,756**	**$ 9,872**	**$1,033,177**

[1] *The Corporation has the option, effective as of January 1, 2014, to sell its unused AWS spectrum licence in the Toronto region to Rogers Communications Partnership for a price of $180.0 million. The spectrum licence was purchased at a cost of $96.4 million in 2008.*

The cost of internally generated intangible assets, mainly composed of software, was $319.4 million as of December 31, 2013 ($287.2 million as of December 31, 2012). For the year ended December 31, 2013, the Corporation recorded additions of internally generated intangible assets of $37.2 million ($41.4 million in 2012 and $49.4 million in 2011).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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13. INTANGIBLE ASSETS (continued)

	AWS spectrum licenses	Software and other intangible assets	Projects under development	Total
Accumulated amortization:				
Balance as of December 31, 2011	$ (66,868)	$(144,122)	$ —	$(210,990)
Amortization	(55,630)	(41,300)	—	(96,930)
Retirements	—	628	—	628
Business disposal (note 8)	—	(554)	—	(554)
Reclassification and other items	—	736	—	736
Balance as of December 31, 2012	(122,498)	(184,612)	—	$(307,110)
Amortization	(55,630)	(50,924)	—	(106,554)
Retirements	—	2,618	—	2,618
Business disposal (note 8)	—	1,935	—	1,935
Balance as of December 31, 2013	**$(178,128)**	**$(230,983)**	**$ —**	**$(409,111)**
Net carrying amount:				
As of December 31, 2012	432,051	232,728	17,162	681,941
As of December 31, 2013	**$ 376,421**	**$ 237,773**	**$ 9,872**	**$ 624,066**

The accumulated amortization of internally generated intangible assets, mainly composed of software, was $142.2 million as of December 31, 2013 ($111.5 million as of December 31, 2012). For the year ended December 31, 2012, the Corporation recorded $33.6 million of amortization ($29.1 million in 2012 and $20.0 million in 2011) for its internally generated intangible assets.

The net carrying value of internally generated intangible assets was $177.2 million as of December 31, 2013 ($175.8 million as of December 31, 2012).

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14. GOODWILL

For the years ended December 31, 2013 and 2012, changes in the net carrying amount of goodwill are as follows:

Cost:	
Balance as of December 31, 2011	$481,963
Business acquisition	100
Balance as of December 31, 2012	482,063
Business disposal (note 8)	(19,500)
Balance as of December 31, 2013	**$462,563**
Accumulated amortization:	
Balance as of December 31, 2013 and 2012	**$ (33,311)**
Net carrying amount:	
As of December 31, 2012	$448,752
As of December 31, 2013	**$429,252**

The net carrying amount of goodwill as of December 31, 2013 and 2012 is allocated to the following significant groups of CGUs:

	2013	2012 (restated, note 9)
Group of CGUs		
Telecommunications	**$429,252**	$ 429,252
Specialized websites	**—**	19,500
Total	**$429,252**	$ 448,752

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14. GOODWILL (continued)

Recoverable amounts

Recoverable amounts of CGUs were determined based on value in use or 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. 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 was determined with regard to the specific markets in which the CGUs participate. The following key assumptions were used to determine recoverable amounts in the most recent impairment tests performed:

	2013		2012	
Group of CGUs	**Pre-tax discount rate (WACC)**	**Perpetual growth rate**	Pre-tax discount rate (WACC)	Perpetual growth rate
Telecommunications[1]	**9.0%**	**3.0%**	9.0%	3.0%
Specialized websites	**—**	**—**	17.9	2.0

[1] *As allowed by IAS 36, Impairment of assets, recoverable amounts calculated in the 2012 annual impairment test were used in the tests performed in 2013 for this CGU. Accordingly, pre-tax discount rates and perpetual growth rates are the same in 2013 and 2012.*

Sensitivity of recoverable amounts

An incremental increase in the pre-tax discount rate of 10.4% and an incremental decrease in the perpetual growth rate of 11.5% would have been required in the most recently performed test for the recoverable amount to equal the carrying value of the Telecommunications CGU in 2013. Since recoverable amounts calculated in the 2012 annual impairment test were used in the test performed in 2013, sensitivity tests are the same than the ones disclosed in 2012.

15. OTHER ASSETS

	2013	2012
Deferred connection costs	**$31,614**	$38,157
Defined benefit plans (note 27)	**3,050**	—
Other	**2,126**	3,246
	$36,790	$41,403

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16. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2013	2012 (restated, note 9)
Trade and accruals	**$297,958**	$ 350,878
Salaries and employee benefits	**79,606**	78,543
Interest payable	**30,072**	26,503
Stock-based compensation (note 21)	**985**	4,580
	$408,621	$ 460,504

17. PROVISIONS AND CONTINGENCIES

	Contingencies, legal disputes and other
Balance as of December 31, 2012 (restated, note 9)	$ 11,081
Net change in income	2,802
Payments	(1,227)
Other	1,698
Balance as of December 31, 2013	**$ 14,354**
Current portion	**$ 10,757**
Non-current portion[1]	**3,597**

[1] *The non-current portion of provisions and contingencies is included in other liabilities (note 19)*

The recognition of provisions, in terms of both timing and amounts, requires the exercise of judgment based on relevant circumstances and events that can be subject to change over time. Provisions are primarily comprised of the following:

Contingencies and legal disputes

There are a number of legal proceedings against the Corporation and its subsidiaries that are pending. In the opinion of the management of the Corporation and its subsidiaries, the outcome of those proceedings is not expected to have a material adverse effect on the Corporation's results or on its financial position. Management of the Corporation, after taking legal advice, has established provisions for specific claims or actions considering the facts of each case. The Corporation cannot determine when and if a payment related to these provisions will be made.

Other provisions

Other provisions are mainly related to decommissioning obligations.

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18. LONG-TERM DEBT

	Effective interest rate as of December 31, 2013	2013	2012
Bank credit facilities (i)	2.78%	**48,214**	58,929
Senior Notes (ii) (note 5)	(ii)	**2,390,265**	2,274,115
Total long-term debt		**2,438,479**	2,333,044
Adjustments related to embedded derivatives		**(7,861)**	(172,286)
Financing fees, net of amortization		**(31,513)**	(33,701)
		(39,374)	(205,987)
Less current portion		**(10,714)**	(10,714)
		$2,388,391	$2,116,343

(i) The bank credit facilities provide for a $575.0 million secured revolving credit facility that matures in July 2018 and a $75.0 million secured export financing facility providing for a term loan that matures in June 2018. The revolving credit facility bears interest at Bankers' acceptance rate, Canadian prime rate or U.S. prime rate, plus a margin, depending on the Corporation's leverage ratio. Advances under the export financing facility bear interest at Bankers' acceptance rate plus a margin. The bank credit facilities are secured by a first ranking hypothec on the universality of all tangible and intangible assets, current and future, of the Corporation and most of its wholly owned subsidiaries. As of December 31, 2013, the bank credit facilities were secured by assets with a carrying value of $7,013.7 million ($6,206.2 million in 2012). The bank credit facilities contain covenants such as maintaining certain financial ratios, limitations on the Corporation's ability to incur additional indebtedness, pay dividends and make other distributions. On October 29, 2013, the Corporation filed a letter of credit with Industry Canada which reduced the Corporation's availability on the revolving credit facility as of December 31, 2013 (note 28). As of December 31, 2012, no amount was drawn on the revolving credit facility. As of December 31, 2013, $48.2 million ($58.9 million in 2012) was outstanding on the secured export financing facility.

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18. LONG-TERM DEBT (continued)

(ii) The Senior Notes are unsecured and contain certain restrictions on the Corporation, including limitations on its 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 their maturity. The notes are guaranteed by specific subsidiaries of the Corporation and, on a non-consolidated basis, the Corporation has no independent assets or operations, the guarantees are full and unconditional and joint and several and any non-guarantor subsidiaries are minor. The following table summarizes terms of the outstanding Senior Notes as of December 31, 2013:

Principal amount	Annual nominal interest rate	Effective interest rate (after discount or premium at issuance)	Maturity date	Interest payable every 6 months on
US$ 175,000	6.375%	6.444%	December 15, 2015	June and December 15
US$ 335,000	9.125%	9.356%	April 15, 2018	June and December 15
$ 300,000	7.125%	7.125%	January 15, 2020	June and December 15
$ 300,000[1]	6.875%	6.875%	July 15, 2021	June and December 15
US$ 800,000[2]	5.000%	5.000%	July 15, 2022	January and July 15
$ 400,000[3]	5.625%	5.625%	June 15, 2025	April and October 15

[1] *The notes were issued in July 2011 for net proceeds of $294.8 million, net of financing fees of $5.2 million.*
[2] *The notes were issued in March 2012 for net proceeds of $787.6 million, net of financing fees of $11.9 million.*
[3] *The notes were issued in June 2013 for net proceeds of $394.8 million, net of financing fees of $5.2 million.*

On December 31, 2013, the Corporation and its subsidiaries were in compliance with all debt covenants.

Principal repayments of long-term debt over the coming years are as follows:

2014	$ 10,714
2015	196,709
2016	10,714
2017	10,714
2018	358,747
2019 and thereafter	1,850,881

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19. OTHER LIABILITIES

	Note	2013	2012
Defined benefit plans	27	**$16,739**	$ 72,682
Deferred revenue		**31,848**	38,514
Stock-based compensation[1]	21	**624**	506
Asset retirement obligation	17	**3,597**	3,272
Other		**156**	180
		$52,964	$115,154

[1] *The current portion of stock-based compensation of $1.0 million is included in accounts payable and accrued charges ($4.6 million in 2012) (note 16).*

20. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Common Shares, without par value, voting and participating

An unlimited number of Preferred Shares, Series B, Series C, Series D, Series E, Series F, and Series H, without par value, ranking prior to the Common Shares with regards to payment of dividends and repayment of capital, non-voting, non-participating, a fixed monthly non-cumulative dividend of 1%, retractable and redeemable.

An unlimited number of Preferred Shares, Series G, ranking prior to all other shares with regards to payment of dividends and repayment of capital, non-voting, non-participating carrying the rights and restrictions attached to the class as well as a fixed annual cumulative preferred dividend of 11.25%, retractable and redeemable.

(b) Issued and outstanding capital stock

	Common Shares	
	Number	Amount
Balance as of December 31, 2013 and 2012	**2,516,829**	**$3,401**

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21. STOCK-BASED COMPENSATION PLAN

(a) Parent corporation stock option plan

Under a stock option plan established by the parent corporation, options have been granted for officers, senior employees, directors and other key employees of the Corporation. 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 the parent corporation at the date of grant, as determined by its Board of Directors (if the Common Shares of the parent corporation 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 parent corporation on the stock exchange(s) where such shares are listed at the time of grant. As long as the Common Shares of the parent corporation 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 parent 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 parent 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 the parent corporation at the exercise price. Except under specific circumstances, and unless the Compensation Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by the Compensation 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 following table gives details on changes to outstanding options granted as of December 31, 2013 and 2012:

	2013		2012	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Balance at beginning of year	**360,628**	**$ 39.63**	953,240	$ 40.64
Granted	**200,711**	**57.44**	—	—
Transferred	**—**	**—**	(13,333)	44.45
Exercised	**(286,278)**	**38.28**	(579,279)	41.19
Cancelled	**(2,000)**	**57.64**	—	—
Balance at end of year	**273,061**	**$ 54.00**	360,628	$ 39.63
Vested options at end of year	**23,500**	**$ 46.07**	60,662	$ 45.02

During the year ended December 31, 2013, 286,278 of the Corporation's stock options were exercised for a cash consideration of $5.9 million (579,279 stock options for $6.0 million in 2012).

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21. STOCK-BASED COMPENSATION PLAN (continued)

(a) Parent corporation stock-based compensation plan (continued)

The following table gives summary information on outstanding options as of December 31, 2013:

	Outstanding options			Vested options	
Range of exercise price	Number	Weighted average years to maturity	Weighted average exercise price	Number	Weighted average exercise price
33.41 to 46.48	61,750	5.59	$ 43.70	23,500	$ 46.07
50.37 to 57.64	211,311	9.30	57.01	—	—
	273,061	**8.46**	**$ 54.00**	**23,500**	**$ 46.07**

(b) Assumptions in estimating the fair value of stock-based awards

The fair value of stock-based awards under the stock option plan of the parent corporation 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 as of December 31, 2013 and 2012:

	2013	2012
Risk-free interest rate	1.85%	1.25%
Dividend yield	1.56%	1.71%
Expected volatility	23.97%	22.65%
Expected remaining life	4.3 years	2.6 years

Since the Common Shares of the parent corporation are not publicly traded on a stock exchange, expected volatility is derived from the implied volatility of the ultimate parent corporation'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. Dividend yield is based on the current average yield.

(c) Liability of vested options

As of December 31, 2013, the liability for all vested options was $0.4 million as calculated using the intrinsic value ($0.7 million as of December 31, 2012).

(d) Consolidated compensation charge

For the year ended December 31, 2013, a consolidated charge related to the stock-based compensation plan was recorded in the amount of $2.7 million (charge of $3.3 million in 2012 and reversal of $0.7 million in 2011).

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22. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2010	$ (4,139)	$ —	$ (4,139)
Changes in accounting policies (note 1(b))	—	(6,034)	(6,034)
Balance as of December 31, 2010, as restated	(4,139)	(6,034)	(10,173)
Other comprehensive loss	(1,105)	(21,787)	(22,892)
Balance as of December 31, 2011	(5,244)	(27,821)	(33,065)
Other comprehensive gain (loss)	22,132	(8,093)	14,039
Balance as of December 31, 2012	16,888	(35,914)	(19,026)
Other comprehensive (loss) gain	(31,641)	41,558	9,917
Balance as of December 31, 2013	**$(14,753)**	**$ 5,644**	**$ (9,109)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 8 1/2-year period.

23. COMMITMENTS

The Corporation rents premises and equipment under operating leases and has entered into long-term commitments to purchase services and capital equipment that call for total future payments of $498.2 million, including an amount of $55.1 million for future rent payments to the ultimate parent corporation. The operating leases have various terms, escalation clauses, purchase options and renewal rights. The minimum payments for the coming years are as follows:

	Leases	Other commitments
2014	$34,611	$ 62,443
2015 to 2018	77,381	142,425
2019 and thereafter	62,741	118,568

The Corporation and its subsidiaries' operating lease expenses amounted to $48.0 million in 2013 ($48.8 million in 2012 and $40.2 million in 2011).

24. GUARANTEES

In the normal course of business, the Corporation enters into numerous agreements containing guarantees, including the following:

Operating leases

The Corporation has guaranteed a portion of the residual values of certain assets under operating leases for the benefit of the lessor. Should the Corporation terminate these leases prior to term (or at the end of the lease terms) and should the fair value of the assets be less than the guaranteed residual value, then the Corporation must, under certain conditions, compensate the lessor for a portion of the shortfall. As of December 31, 2013, the maximum exposure with respect to the guarantees was $17.0 million and no liability has been recorded in the consolidated balance sheet. The Corporation has not made any payments relating to these guarantees in prior years.

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24. GUARANTEES (continued)

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 sheet.

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. The Corporation has not made any payments relating to these indemnifications in prior years.

25. 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, accounts payable and accrued charges, provisions, long-term debt and derivative financial instruments. As a result of their use of financial instruments, the Corporation and its subsidiaries are 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, (ii) to achieve a targeted balance of fixed and floating rate debts, and (iii) to lock-in the value of certain derivative financial instruments through offsetting transactions. 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 (in millions of dollars)	Notional amount bought (in millions of dollars)
Less than 1 year	1.0454	$ 85.6	US$ 81.9
2014[1]	1.0151	US$395.0	$401.0

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Description of derivative financial instruments (continued)

(ii) Cross-currency interest rate swaps

Hedged item	Hedging instrument			
	Period covered	Notional amount	Annual interest rate on notional amount in CAN dollars	CAN dollar exchange rate on interest and capital payments per one U.S. dollar
5.000% Senior Notes due 2022[1]	2003 to 2014	US$200,000	Bankers' acceptances 3 months + 2.73%	1.3425
5.000% Senior Notes due 2022[1]	2004 to 2014	US$ 60,000	Bankers' acceptances 3 months + 2.80%	1.2000
5.000% Senior Notes due 2022[1]	2003 to 2014	US$135,000	7.66%	1.3425
6.375% Senior Notes due 2015	2005 to 2015	US$175,000	5.98%	1.1781
9.125% Senior Notes due 2018	2008 to 2018	US$ 75,000	9.64%	1.0215
9.125% Senior Notes due 2018	2009 to 2018	US$260,000	9.12%	1.2965
5.000% Senior Notes due 2022	2014 to 2022	US$543,125	6.01%	0.9983
5.000% Senior Notes due 2022	2012 to 2022	US$256,875	5.81%	1.0016

[1] *The Corporation initially entered into these cross-currency interest rate swaps to hedge the foreign currency exposure under its 6.875% Senior Notes due 2014 redeemed in 2012. These swaps are now used to set in CAN dollars all coupon payments through 2014 on US$543.1 million of notional amount under its 5.00% Senior Notes due 2022 and issued on March 14, 2012. In conjunction with the repurposing of these swaps, the Corporation has entered into US$395.0 million offsetting foreign exchange forward contracts in order to lock-in the value of its hedging position related to the January 15, 2014 notional exchange.*

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.

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value of financial instruments

In accordance with IFRS 7, *Financial Instruments: Disclosures*, the Corporation has considered the following fair value hierarchy that reflects the significance of the inputs used in measuring its other financial instruments accounted for at fair value in the consolidated balance sheets:

- 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 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 cash equivalents classified as held for trading and accounted for at their fair value on the consolidated balance sheets, is determined using Level 2 inputs.

The fair value of derivative financial instruments recognized on 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 instrument and factors observable in external markets 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 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, which were classified as Level 3 in 2012, are now classified as Level 2 since unobservable inputs have no longer a significant impact on the fair value of these instruments.

The fair value of early settlement options recognized as embedded derivatives is determined by option pricing models using Level 2 market inputs, including volatility, discount factors and underlying instruments adjusted implicit interest rate and credit premium.

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value of financial instruments (continued)

The carrying value and fair value of long term debt and derivative financial instruments as of December 31, 2013 and 2012 are as follows:

	2013		2012	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$(2,438,479)**	**$(2,474,200)**	$(2,333,044)	$(2,484,000)
Derivative financial instruments[2]				
Early settlement options	**11,819**	**11,819**	178,212	178,212
Foreign exchange forward contracts[3]	**1,835**	**1,835**	178	178
Cross-currency interest rate swaps[3]	**(165,705)**	**(165,705)**	(231,422)	(231,422)

[1] *The carrying value of long-term debt excludes embedded derivatives and financing fees.*
[2] *The fair value of the derivative financial instruments designated as hedges is in a liability position of $93.8 million as of December 31, 2013 ($165.8 million as of December 31, 2012).*
[3] *The value of foreign exchange forward contracts entered into to lock-in the value of existing hedging positions is netted from the value of the offset financial instruments.*

(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.

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, 2013, no customer balance represented a significant portion of the Corporation's consolidated accounts receivable. The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. The allowance for doubtful accounts amounted to $15.7 million as of December 31, 2013 ($16.6 million as of December 31, 2012). As of December 31, 2013, 8.6% of accounts receivable were 90 days past their billing date (9.2% as of December 31, 2012).

The following table shows changes to the allowance for doubtful accounts for the years ended December 31, 2013 and 2012:

	2013	2012
Balance as of beginning of year	**$ 16,638**	$ 11,015
Charged to income	**36,911**	31,319
Utilization	**(37,871)**	(25,696)
Balance as of end of year	**$ 15,678**	$ 16,638

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.

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk management (continued)

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.

(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 6.9 years as of December 31, 2013 (6.8 years as of December 31, 2012).

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, debt repayments, pension plan contributions, and dividends (or distributions) 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.

As of December 31, 2013, material contractual obligations related to financial instruments included capital repayment and interest on long-term debt and obligations related to derivative instruments, less estimated future receipts on derivative instruments. These obligations and their maturities are as follows:

	Total	Less than 1 year	1-3 year	3-5 years	5 years or more
Accounts payable and accrued charges	**$ 408,621**	$408,621	$ —	$ —	$ —
Amounts payable to affiliated corporations	**38,338**	38,338	—	—	—
Long-term debt[1]	**2,438,479**	10,714	207,423	369,461	1,850,881
Interest payments[2]	**1,146,611**	133,954	317,641	278,289	416,727
Derivative instruments[3]	**145,757**	119,707	20,033	57,396	(51,379)
Total	**$4,177,806**	**$711,334**	**$545,097**	**$705,146**	**$2,216,229**

1 *The carrying value of long-term debt excludes embedded derivatives and financing fees.*
2 *Estimate of interest to be paid on long-term debt is based on hedged and unhedged interest rates and hedged foreign exchange rates as of December 31, 2013.*
3 *Estimated future disbursements, net of future receipts, on derivative financial instruments related to foreign exchange hedging.*

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
Years ended December 31, 2013, 2012 and 2011
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25. 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 and/or interest rates 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, handsets and cable modems and certain capital expenditures, are received or denominated in CAN dollars. A large 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, 2013, to hedge its exposure on certain purchases of set-top boxes, handsets, cable modems and capital expenditures and to lock-in the value of certain derivative financial instruments through offsetting transactions. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The following table summarizes the estimated sensitivity on income and other comprehensive income, before income tax, of a variance of $0.10 in the year-end exchange rate of a CAN dollar per one U.S. dollar as of December 31, 2013:

Increase (decrease)	Income	Other comprehensive income
Increase of $0.10		
U.S.-dollar-denominated accounts payable	**$(788)**	**$ —**
Gain on valuation and translation of financial instruments and derivative financial instruments	**894**	**25,143**
Decrease of $0.10		
U.S.-dollar-denominated accounts payable	**788**	**—**
Gain on valuation and translation of financial instruments and derivative financial instruments	**(894)**	**(25,143)**

Interest rate risk

The Corporation's revolving and bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) Canadian prime rate and (iii) 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, 2013, after taking into account the hedging instruments, long-term debt was comprised of 83.6% fixed rate debt (83.1% in 2012) and 16.4% floating rate debt (16.9% in 2012).

The estimated sensitivity on interest payments of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2013 is $4.1 million.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

The estimated sensitivity on income and other comprehensive income, before income tax, of a 100 basis-point variance in the discount rate used to calculate the fair value of financial instruments as of December 31, 2013, as per the Corporation's valuation models, is as follows:

Increase (decrease)	Income	Other comprehensive income
Increase of 100 basis points	**$ 24**	**$ (339)**
Decrease of 100 basis points	**(24)**	**339**

(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. Management of the capital structure involves the issuance of new debt, the repayment of existing debt using cash flows generated by operations, and the level of distributions to the parent corporation. 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, long-term debt and net assets and liabilities related to derivative financial instruments, less cash and cash equivalents. The capital structure as of December 31, 2013 and 2012 is as follows:

	2013	2012 (restated, note 9)
Long-term debt	**$2,399,105**	$2,127,057
Derivative financial instruments	**163,870**	231,244
Cash and cash equivalents	**(322,469)**	(163,231)
Net liabilities	**2,240,506**	2,195,070
Equity	**$ 821,750**	$ 774,306

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, the declaration and payment of dividends or other distributions.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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26. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel comprise members of the Board of Directors and key senior management of the Corporation and its main subsidiaries. Their compensation is as follows:

	2013	2012	2011
Salaries and short-term benefits	**$4,242**	$ 4,981	$4,754
Post-employment benefits	**534**	407	336
Share-based compensation	**1,709**	2,671	(312)
Other long-term benefits	**1,859**	2,924	2,712
	$8,344	$10,983	$7,490

Operating transactions

During the years ended December 31, 2013, 2012 and 2011, the Corporation and its subsidiaries made purchases and incurred rent charges with the parent corporation and affiliated corporations, which are included in purchase of goods and services. The Corporation and its subsidiaries also made sales to the parent corporation and affiliated corporations. These transactions were accounted for at the consideration agreed between parties:

	2013	2012	2011
Ultimate parent and parent corporation :			
Revenues	**$ 541**	$ 553	$ 620
Purchase of goods and services	**8,508**	6,539	6,728
Operating expenses recovered	**(4,207)**	(1,154)	(1,955)
Affiliated corporations :			
Revenues	**11,019**	13,084	12,573
Purchase of goods and services	**73,193**	75,641	59,768
Operating expenses recovered	**(3,418)**	(2,496)	(3,556)

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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26. RELATED PARTY TRANSACTIONS (continued)

Accounts receivable from affiliated corporations:

	2013	2012
Ultimate parent and parent corporation :		
Accounts receivable	**$ 3,706**	$ 2,441
Dividends receivable	**8,133**	5,814
Amount receivable from business disposal (note 8)	**7,848**	—
Amount receivable from corporate reorganization (note 9)	**870**	—
Affiliated corporations :		
Accounts receivable	**5,556**	6,820
Interest receivable	**—**	2,893
	$26,113	$17,968

Accounts payable to affiliated corporations:

	2013	2012
Ultimate parent and parent corporation :		
Accounts payable	**$11,443**	$ 3,301
Interest payable	**7,924**	5,626
Affiliated corporations :		
Accounts payable	**18,929**	25,721
Interest payable	**42**	85
Dividends payable	**—**	2,959
	$38,338	$37,692

Management arrangements

The Corporation pays annual management fees to the parent corporation for services rendered to the Corporation, including internal audit, legal and corporate, financial planning and treasury, tax, real estate, human resources, risk management, public relations and other services. Management fees amounted to $45.0 million in 2013 ($34.6 million in 2012 and $26.4 million in 2011). The agreement provides for an annual management fee to be agreed upon for the year 2014. In addition, the parent corporation is entitled to the reimbursement of out-of-pocket expenses incurred in connection with the services provided under the agreement.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2013, 2012 and 2011
(tabular amounts in thousands of Canadian dollars, except for option data)

26. RELATED PARTY TRANSACTIONS (continued)

Tax arrangements

On October 31, 2012, Vidéotron Infrastructures inc., a wholly owned subsidiary of the Corporation, issued a subordinated loan of $800.0 million to Le Superclub Vidéotron Ltée, now a wholly owned subsidiary of Quebecor Media Inc., bearing interest at a rate of 11.00% payable every 6 months on June 20 and December 20 and maturing on October 31, 2027. On the same day, Vidéotron Infrastructures inc. issued 800,000 redeemable preferred shares, Class G to Le Superclub Vidéotron Ltée for a total cash consideration of $800.0 million. These shares carry the right to receive an annual dividend of 11.25%, payable semi-annually.

On January 21, 2013, Vidéotron Infrastructures inc. redeemed from Le Superclub Vidéotron Ltée 720,000 preferred shares, Class G, for a total cash consideration of $720.0 million, including cumulative unpaid dividend of $7.1 million. On the same day, Le Superclub Vidéotron Ltée used the total proceeds of $720.0 million to repay a portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

On October 18, 2013, Vidéotron Infrastructures inc. redeemed from Le Superclub Vidéotron Ltée 80,000 preferred shares, Class G, for a total cash consideration of $80.0 million, including cumulative unpaid dividend of $3.0 million. On the same day, Le Superclub Vidéotron Ltée used the total proceeds of $80.0 million to repay the outstanding portion of the subordinated loan contracted from Vidéotron Infrastructures Inc.

The above transactions were carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries, on terms equivalent to those that prevail in an arm's length basis and accounted for at the consideration agreed between parties.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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27. PENSION PLANS AND POSTRETIREMENT BENEFITS

The Corporation maintains various defined benefit and defined contribution plans. The Corporation also provides postretirement benefits to eligible retired employees, principally health care and cable services. 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.

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. Under the Corporation's rules of governance, oversight of pension plan policies and risk management are performed at different levels through the pension committees, the Corporation's management or the Audit Committee. The benefit pension plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and the Corporations's funding requirement.

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, 2013 and 2012:

	Pension benefits		Postretirement benefits	
	2013	2012 (restated, note 9)	**2013**	2012
Change in benefit obligations				
Benefit obligations at beginning of year	**$227,484**	$184,209	**$20,839**	$17,907
Service costs	**20,101**	17,805	**762**	654
Interest costs	**10,539**	9,345	**938**	868
Plan participants' contributions	**7,896**	8,454	**—**	—
Actuarial loss (gain) arising from:				
Demographic assumptions	**6,550**	—	**(602)**	—
Financial assumptions	**(28,652)**	16,725	**(2,570)**	1,616
Participant experience	**(7,737)**	1,886	**(2,426)**	—
Benefits and settlements paid	**(9,701)**	(10,975)	**(202)**	(206)
Other	**4,118**	35	**—**	—
Benefit obligations at end of year	**$230,598**	$227,484	**$16,739**	$20,839

	Pension benefits		Postretirement benefits	
	2013	2012 (restated, note 9)	**2013**	2012
Change in plan assets				
Fair value of plan assets at beginning of year	**$175,641**	$142,493	**$ —**	$ —
Actual return on plan assets	**29,546**	15,473	**—**	—
Employer contributions	**27,114**	20,161	**202**	206
Plan participants' contributions	**7,896**	8,454	**—**	—
Benefits and settlements paid	**(9,701)**	(10,975)	**(202)**	(206)
Other	**4,118**	35	**—**	—
Fair value of plan assets at end of year	**$234,614**	$175,641	**$ —**	$ —

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2013, 2012 and 2011
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27. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

As of December 31, 2013, the weighted average duration of defined benefit obligation was 22.5 years (23.4 years in 2012). The Corporation expects future benefit payments of $9.8 million in 2014.

The Corporation's 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:

	2013	2012
Equity securities:		
Canadian	**25.9%**	25.4%
Foreign	**38.2**	36.5
Debt securities	**34.2**	35.0
Other	**1.7**	3.1
	100.0%	100.0%

The fair value of plan assets is principally based on quoted prices in an active market. As of December 31, 2013, plan assets included shares of the ultimate parent corporation in the amount of $1.1 million ($0.8 million as of December 31, 2012).

Where funded plans have a net defined benefit asset, the Corporation determines if potential reductions in future contributions are permitted by applicable regulations. 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 amount 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	
	2013	2012	**2013**	2012
		(restated, note 9)		
Benefit obligations	**$(230,598)**	$(227,484)	**$(16,739)**	$(20,839)
Fair value of plan assets	**234,614**	175,641	**—**	—
Plan surplus (deficit)	**4,016**	(51,843)	**(16,739)**	(20,839)
Asset limit and minimum funding adjustment	**(966)**	—	**—**	—
Net amount recognized[1]	**$ 3,050**	$ (51,843)	**$(16,739)**	$(20,839)

[1] *The net amount recognized for 2013 consists of a liability of $16.7 million ($72.7 million in 2012) included in other liabilities (note 19) and of an asset of $3.1 million (none in 2012) included in other assets (note 15).*

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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27. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Components of re-measurements are as follows:

	Pension benefits			Postretirement benefits		
	2013	2012 (restated, note 1 (b) and 9)	2011 (restated, note 1 (b) and 9)	**2013**	2012	2011
Actuarial gain (loss) on benefit obligations	**$29,839**	$(18,611)	$(20,642)	**$5,598**	$(1,616)	$(3,553)
Actual return on plan assets, excluding interest income calculated as part of the interest on net defined benefit liability	**22,284**	9,155	(5,604)	**—**	—	—
Asset limit and minimum funding adjustment	**(966)**	—	—	**—**	—	—
Re-measurements recorded in other comprehensive income	**$51,157**	$ (9,456)	$(26,246)	**$5,598**	$(1,616)	$(3,553)

Components of the net benefit costs are as follows:

	Pension benefits			Postretirement benefits		
	2013	2012 (restated, notes 1 (b) and 9)	2011 (restated, notes 1 (b) and 9)	**2013**	2012	2011
Employee costs:						
Service costs	**$20,101**	$17,805	$11,209	**$ 762**	$ 654	$ 464
Other fees	**386**	416	365	**—**	—	—
Interest on net defined benefit liability	**2,892**	2,611	1,394	**938**	868	711
Net benefit costs	**$23,379**	$20,832	$12,968	**$1,700**	$1,522	$1,175

The expense related to defined contribution pension plans amounted to $10.0 million in 2013 ($8.7 million in 2012 and $7.8 million in 2011).

The expected employer contributions to the Corporation's defined benefit pension plans and post-retirement benefits plans will be $24.6 million in 2014 based on the most recent financial actuarial reports filed (contributions of $27.3 million were paid in 2013).

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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27. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

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, 2013, 2012 and 2011 and current periodic benefit costs are as follows:

	Pension benefits			Postretirement benefits		
	2013	2012	2011	**2013**	2012	2011
Benefit obligations						
Rates as of year-end:						
Discount rate	**4.90%**	4.40%	4.75%	**4.90%**	4.40%	4.75%
Rate of compensation increase	**3.25**	3.50	3.50	**3.00**	3.25	3.50
Current periodic costs						
Rates as of preceding year-end:						
Discount rate	**4.40%**	4.75%	5.25%	**4.40%**	4.75%	5.25%
Rate of compensation increase	**3.50**	3.50	3.50	**3.25**	3.50	3.50

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligations was 7.6% at the end of 2013. These costs, as per the estimate, are expected to decrease gradually over the next 13 years to 5.0% and to remain at that level thereafter.

Sensitivity analysis

A decrease of 10 basis point in the discount rate would have had the following impacts, before income tax, for the year ended December 31, 2013:

	Pension benefits			Postretirement benefits		
Increase (decrease)	Obligation in balance sheet	Income	Other comprehensive income	Obligation in balance sheet	Income	Other comprehensive income
Discount rate	$ 5,185	$(939)	$ (5,185)	$ 394	$ (26)	$ (394)

There are limitations to the above sensitivity analysis since it only considers the impacts of a decrease of 10 basis point in the discount rate assumption (at the beginning of the year having an impact on income and at the end of the year having an impact on comprehensive income) without changing any other assumptions. No sensitivity analysis was performed on other assumptions as a similar change to these assumptions would not have a significant impact on the consolidated financial statements.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2013, 2012 and 2011
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28. SUBSEQUENT EVENT

On February 19, 2014, the Corporation announced it was among the successful bidders in the Industry Canada 700 MHz spectrum auction that began on January 14, 2014. The Corporation acquired seven operating licences in Canada's four most populous provinces for $233.3 million. A letter of credit was issued in 2013 as a pre-auction financial deposit made to Industry Canada. The submission of this letter of credit had the effect of reducing the Corporation's availability on its revolving credit facility. However, under Industry Canada's published rules respecting restrictions on communications, it is strictly forbidden for the Corporation to disclose the amount of this letter of credit.

The licences cover the entirety of the provinces of Québec, Ontario (except Northern Ontario), Alberta and British Columbia, home to more than 28 million people or approximately 80% of Canada's population.

Exhibit 1.7

[TRANSLATION]

Québec

CERTIFICATE OF AMENDMENT

Business Corporations Act (R.S.Q., c. S-31.1)

I hereby certify that the following corporation:

LE SUPERCLUB VIDÉOTRON LTÉE

Amended its articles under the terms of the Business Corporations Act to amend its name to:

9293-6707 Québec inc.

On December 29, 2013 at 0:01 minute

[Seal of Québec Registrar]

Filed with the Register on December 19, 2013 under registration number 1144188886

[Signed]
Acting Enterprise Registrar

R90Z14L27V90JA

Exhibit 1.19

Industry Canada Industrie Canada

Certificate of Amalgamation

Canada Business Corporations Act

Certificat de fusion

Loi canadienne sur les sociétés par actions

Jobboom inc.
Corporate name / Dénomination sociale

848778-2
Corporation number/Numéro de société

I HEREBY CERTIFY that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business~ Corporations Act*, of the corporations set out in the attached articles of amalgamation.

JE CERTIFIE que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Marcie Girouard
Director / Directeur

2013-05-30
Date of Amalgamation (YYYY-MM-DD)
Date de fusion (AAAA-MM-JJ)

Canada

[Translation]

Industry Canada Industrie Canada

Canada Business Corporations Act (CBCA)

FORM 9

ARTICLES OF AMALGAMATION

(Section 185)

1 - Corporate name of the amalgamated corporation

Jobboom Inc.

2 - The province or territory in Canada where the registered office is situated *(do not indicate the full address)*

Quebec

3 - The classes and any maximum number of shares that the corporation is authorized to issue

See Annex A

4 - Restrictions, if any, on share transfers

See Annex B

5 - Minimum and maximum number of directors *(for a fixed number of directors, please indicate the same number in both boxes)*

Minimum number 1 **Maximum number** 10

6 - Restrictions, if any, on the business the corporation may carry on

None

7 - Other provisions, if any

See Annex C
The Articles of Amalgamation take effect on May 30, 2013 at 0:01.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

☐	**183 -Long form: approved by special resolution of shareholders**	☒	**184(1) - Vertical short-form: approved by resolution of directors**	☐	**184(2) - Horizontal short-form: approved by resolution of directors**

9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
Jobboom Inc.	781706-1	

8525811 Canada Inc.	852581-1	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Canada

[Translation]

SCHEDULE A
SHARE CAPITAL

The unlimited share capital of the Corporation shall consist of seven (7) classes of shares, which shall carry the following rights:

(A) CLASS "A" COMMON SHARES: The number of Class "A" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "A" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Dividend and Participation. Subject to the rights and privileges conferred by the other classes of shares, the holders of Class "A" Shares shall be entitled to:

(a) participate in the property, profits and surplus assets of the Corporation and, to that end, receive any dividend declared by the Corporation, the amount, timing and terms of payment of which are at the sole discretion of the Board of Directors; and

(b) share in the remaining property of the Corporation upon liquidation or winding-up, whether or not voluntary, dissolution or any other distribution of the property of the Corporation.

(2) Restriction. In addition to the restrictions set forth in the *Canada Business Corporations Act*, the Corporation may neither pay a dividend on Class "A" Shares nor purchase any such shares by private agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class "B," "C," "D," "E," "F" and "G" Shares.

(3) Voting Right. The holders of Class "A" Shares shall be entitled to receive notice of, attend and vote at meetings of shareholders of the Corporation, except meetings at which only the holders of another class of shares are entitled to vote, and each Class "A" Share shall entitle the holder thereof to one (1) vote.

(B) CLASS "B" PREFERRED SHARES: The number of Class "B" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "B" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "B" Preferred Shares. Class "B" Preferred Shares shall have priority over the Common Shares and the Class "C," "D," "E," and "F" Preferred Shares, but not over the Class "G" Preferred Shares with respect to the order of payment of

dividends and the distribution of the assets of the Corporation in the event of the liquidation, winding-up or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of Class "B" Shares shall be entitled to receive, every year, in such manner and at such time as the Board of Directors may declare, a non-cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "B" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(3) Repayment. If, for any reason, including in the event of dissolution or liquidation or winding-up of the Corporation, whether or not voluntary, some or all of the assets of the Corporation are distributed among the shareholders, each holder of Class "B" Shares shall be entitled to repayment of the amount paid for the Class "B" Shares into the subdivision of the issued and paid-up share capital account relating to the Class "B" Shares.

(4) No Voting Right. Subject to the provisions of the Act or as otherwise expressly provided, the holders of Class "B" Shares shall not be entitled to receive notice of, attend or vote at the meeting of shareholders of the Corporation.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the *Canada Business Corporations Act* in this regard, to redeem at any time all or from time to time part of the Class "B" Shares then outstanding upon giving notice to that effect, on payment to the holders of the Class "B" Shares of an aggregate redemption price equal to the consideration received by the Corporation at the time the Class "B" Shares were issued.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "B" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and place at which the redemption is to take place and where payment is to occur and, in the case of partial redemption, the number of shares of each such holder of Class "B" Shares to be redeemed. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "B" Shares called for redemption is deposited with the Corporation's bankers or at any other place specified in the notice, on or before the Redemption Date, the holders of Class "B" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "B" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Subject to paragraph two of Section 35 of the *Canada Business Corporations Act*, each holder of Class "B" Shares shall be entitled, at any time and at such holder's discretion, upon written notice, to require the Corporation to redeem all or part of such holder's shares at a price equal to the "Redemption Value," as described below, plus the amount of dividends declared but unpaid, if any, on the Class "B" Shares.

(a) Redemption Value

The "Redemption Value" of each share corresponds to the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "B" Shares, plus a premium equal to the amount by which the fair market value of the consideration received by the Corporation at the time such Class "B" Share was issued exceeds the total of:

(i) the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "B" Shares; and

(ii) the fair market value of any property, other than a Class "B" Share, given by the Corporation in payment of such consideration.

(b) Determination of Fair Market Value of the Consideration

Upon issuance of the Class "B" Shares, the Corporation and each subscriber of Class "B" Shares shall determine, by mutual consent and in good faith, based on a method deemed fair and reasonable, the fair market value of each of the assets that form part of the consideration received by the Corporation at the time the Class "B" Shares are issued.

(c) Adjustment of the Premium in Case of a Disagreement with the Department of Revenue

In the event of a disagreement with the federal or provincial department of revenue, or both, with respect to the appraisal of the fair market value of one or more of the assets that form part of the consideration received by the Corporation at the time the Class "B" Shares are issued, the appraisal by such department shall prevail. The amount of the premium relating to the redemption of the Class "B" Shares shall be adjusted accordingly if the department in question provides the Corporation and each holder of Class "B" Shares, or, where all of the shares are redeemed, the Corporation and each former holder of Class "B" Shares, with the opportunity to contest the appraisal with the department or before the courts. Where the federal and provincial appraisals differ, the amount of the premium shall be equal to the lower appraisal established in accordance with an uncontested assessment or another final judgment, as the case may be.

If, before the Redemption Value provided for in the foregoing sentence is adjusted, the Corporation pays, in cash or any other form of consideration, to a holder of Class "B" Shares, in connection with a redemption, retraction or purchase of Class "B" Shares, a sum for the Class "B" Shares that differs from the adjusted Redemption Value, the holder or the Corporation, as the case may be, shall immediately pay to the holder or the Corporation, as the case may be, the difference between the amount paid in connection with the redemption, retraction or purchase and the adjusted Redemption Value. Moreover, if, at the time of the adjustment, dividends have already been declared and paid on the Class "B" Shares, such dividends shall be adjusted so as to reflect the adjustment of the Redemption Value.

(7) Right to Purchase by Private Agreement. Subject to the *Canada Business Corporations Act*, the Corporation may, at any time, without giving notice and without taking into consideration the other classes of shares, purchase by private agreement and at the best possible price all or part of the issued and outstanding Class "B" Shares. However, such purchase price shall never exceed the Redemption Value mentioned above or the book value of the net assets of the Corporation.

(C) CLASS "C" PREFERRED SHARES: The number of Class "C" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "C" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "C" Preferred Shares. Class "C" Preferred Shares shall have priority over the Common Shares and the Class "D," "E" and "F" Preferred Shares, but not over the Class "B" and "G" Preferred Shares with respect to the order of payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, winding-up or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of Class "C" Shares shall be entitled to receive, every year, in such manner and at such time as the Board of Directors may declare, a non-cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "C" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(3) Repayment. If, for any reason, including in the event of dissolution or liquidation or winding-up of the Corporation, whether or not voluntary, some or all of the assets of the Corporation are distributed among the shareholders, each holder of Class "C" Shares shall be entitled to repayment of the amount paid for the Class "C" Shares into the subdivision of the issued and paid-up share capital account relating to the Class "C" Shares.

(4) No Voting Right. Subject to the provisions of the Act or as otherwise expressly provided, the holders of Class "C" Shares shall not be entitled to receive notice of, attend or vote at the meeting of shareholders of the Corporation.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the *Canada Business Corporations Act* in this regard, to redeem at any time all or from time to time part of the Class "C" Shares then outstanding upon giving notice to that effect, on payment to the holders of the Class "C" Shares of an aggregate redemption price equal to the consideration received by the Corporation at the time the Class "C" Shares were issued.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "C" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and place at which the redemption is to take place and where payment is to occur and, in the case of partial redemption, the number of shares of each such holder of Class "C" Shares to be redeemed. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "C" Shares called for redemption is deposited with the Corporation's bankers or at any other place specified in the notice, on or before the Redemption Date, the holders of Class "C" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "C" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Subject to paragraph two of Section 36 of the *Canada Business Corporations Act*, each holder of Class "C" Shares shall be entitled, at any time and at such holder's discretion, upon written notice, to require the Corporation to redeem all or part of such holder's shares at a price equal to the "Redemption Value," as described below, plus the amount of dividends declared but unpaid, if any, on the Class "C" Shares.

(a) Redemption Value

The "Redemption Value" of each share corresponds to the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "C" Shares, plus a premium equal to the amount by which the fair market value of the consideration received by the Corporation at the time such Class "C" Share was issued exceeds the total of:

(i) the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "C" Shares; and

(ii) the fair market value of any property, other than a Class "C" Share, given by the Corporation in payment of such consideration.

(b) Determination of Fair Market Value of the Consideration

Upon issuance of the Class "C" Shares, the Corporation and each subscriber of Class "C" Shares shall determine, by mutual consent and in good faith, based on a method deemed fair and reasonable, the fair market value of each of the assets that form part of the consideration received by the Corporation at the time the Class "C" Shares are issued.

(c) Adjustment of the Premium in Case of a Disagreement with the Department of Revenue

In the event of a disagreement with the federal or provincial department of revenue, or both, with respect to the appraisal of the fair market value of one or more of the assets that form part of the consideration received by the Corporation at the time the Class "C" Shares are issued, the appraisal by such department shall prevail. The amount of the premium relating to the redemption of the Class "C" Shares shall be adjusted accordingly if the department in question provides the Corporation and each holder of Class "C" Shares, or, where all of the shares are redeemed, the Corporation and each former holder of Class "C" Shares, with the opportunity to contest the appraisal with the department or before the courts. Where the federal and provincial appraisals differ, the amount of the premium shall be equal to the lower appraisal established in accordance with an uncontested assessment or another final judgment, as the case may be.

If, before the Redemption Value provided for in the foregoing sentence is adjusted, the Corporation pays, in cash or any other form of consideration, to a holder of Class "C" Shares, in connection with a redemption, retraction or purchase of Class "C" Shares, a sum for the Class "C" Shares that differs from the adjusted Redemption Value, the holder or the Corporation, as the case may be, shall immediately pay to the holder or the Corporation, as the case may be, the difference between the amount paid in connection with the redemption, retraction or purchase and the adjusted Redemption Value. Moreover, if, at the time of the adjustment, dividends have already been declared and paid on the Class "C" Shares, such dividends shall be adjusted so as to reflect the adjustment of the Redemption Value.

(7) Right to Purchase by Private Agreement. Subject to the *Canada Business Corporations Act*, the Corporation may, at any time, without giving notice and

without taking into consideration the other classes of shares, purchase by private agreement and at the best possible price all or part of the issued and outstanding Class "C" Shares. However, such purchase price shall never exceed the Redemption Value mentioned above or the book value of the net assets of the Corporation.

(D) CLASS "D" PREFERRED SHARES: The number of Class "D" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "D" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "D" Preferred Shares. Class "D" Preferred Shares shall have priority over the Common Shares and the Class "E" and "F" Preferred Shares, but not over the Class "B," "C" and "G" Preferred Shares with respect to the order of payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, winding-up or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of Class "D" Shares shall be entitled to receive, every year, in such manner and at such time as the Board of Directors may declare, a non-cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "D" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(3) Repayment. If, for any reason, including in the event of dissolution or liquidation or winding-up of the Corporation, whether or not voluntary, some or all of the assets of the Corporation are distributed among the shareholders, each holder of Class "D" Shares shall be entitled to repayment of the amount paid for the Class "D" Shares into the subdivision of the issued and paid-up share capital account relating to the Class "D" Shares.

(4) No Voting Right. Subject to the provisions of the Act or as otherwise expressly provided, the holders of Class "D" Shares shall not be entitled to receive notice of, attend or vote at the meeting of shareholders of the Corporation.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the *Canada Business Corporations Act* in this regard, to redeem at any time all or from time to time part of the Class "D" Shares then outstanding upon giving notice to that effect, on payment to the holders of the Class "D" Shares of an aggregate redemption price equal to the consideration received by the Corporation at the time the Class "D" Shares were issued.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "D" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and place at which the redemption is to take place and where payment is to occur and, in the case of partial redemption, the number of shares of each such holder of Class "D" Shares to be redeemed. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "D" Shares called for redemption is deposited with the Corporation's bankers or at any other place specified in the notice, on or before the Redemption Date, the holders of Class "D" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "D" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Subject to paragraph two of Section 36 of the *Canada Business Corporations Act*, each holder of Class "D" Shares shall be entitled, at any time and at such holder's discretion, upon written notice, to require the Corporation to redeem all or part of such holder's shares at a price equal to the "Redemption Value," as described below, plus the amount of dividends declared but unpaid, if any, on the Class "D" Shares.

(a) Redemption Value

The "Redemption Value" of each share corresponds to the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "D" Shares, plus a premium equal to the amount by which the fair market value of the consideration received by the Corporation at the time such Class "D" Share was issued exceeds the total of:

(i) the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "D" Shares; and

(ii) the fair market value of any property, other than a Class "D" Share, given by the Corporation in payment of such consideration.

(b) Determination of Fair Market Value of the Consideration

Upon issuance of the Class "D" Shares, the Corporation and each subscriber of Class "D" Shares shall determine, by mutual consent and in good faith, based on a method deemed fair and reasonable, the fair market value of each of the assets that form part of the consideration received by the Corporation at the time the Class "D" Shares are issued.

(c) Adjustment of the Premium in Case of a Disagreement with the Department of Revenue

In the event of a disagreement with the federal or provincial department of revenue, or both, with respect to the appraisal of the fair market value of one or more of the assets that form part of the consideration received by the Corporation at the time the Class "D" Shares are issued, the appraisal by such department shall prevail. The amount of the premium relating to the redemption of the Class "D" Shares shall be adjusted accordingly if the department in question provides the Corporation and each holder of Class "D" Shares, or, where all of the shares are redeemed, the Corporation and each former holder of Class "D" Shares, with the opportunity to contest the appraisal with the department or before the courts. Where the federal and provincial appraisals differ, the amount of the premium shall be equal to the lower appraisal established in accordance with an uncontested assessment or another final judgment, as the case may be.

If, before the Redemption Value provided for in the foregoing sentence is adjusted, the Corporation pays, in cash or any other form of consideration, to a holder of Class "D" Shares, in connection with a redemption, retraction or purchase of Class "D" Shares, a sum for the Class "D" Shares that differs from the adjusted Redemption Value, the holder or the Corporation, as the case may be, shall immediately pay to the holder or the Corporation, as the case may be, the difference between the amount paid in connection with the redemption, retraction or purchase and the adjusted Redemption Value. Moreover, if, at the time of the adjustment, dividends have already been declared and paid on the Class "D" Shares, such dividends shall be adjusted so as to reflect the adjustment of the Redemption Value.

(7) Right to Purchase by Private Agreement. Subject to the *Canada Business Corporations Act*, the Corporation may, at any time, without giving notice and without taking into consideration the other classes of shares, purchase by private agreement and at the best possible price all or part of the issued and outstanding Class "D" Shares. However, such purchase price shall never exceed the Redemption Value mentioned above or the book value of the net assets of the Corporation.

(E) CLASS "E" PREFERRED SHARES: The number of Class "E" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "E" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "E" Preferred Shares. Class "E" Preferred Shares shall have priority over the Common Shares and the Class "F" Preferred Shares, but not over the Class "B," "C," "D" and "G" Preferred Shares with respect to the order of payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, winding-up or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of Class "E" Shares shall be entitled to receive, every year, in such manner and at such time as the Board of Directors may declare, a non-cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "E" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(3) Repayment. If, for any reason, including in the event of dissolution or liquidation or winding-up of the Corporation, whether or not voluntary, some or all of the assets of the Corporation are distributed among the shareholders, each holder of Class "E" Shares shall be entitled to repayment of the amount paid for the Class "E" Shares into the subdivision of the issued and paid-up share capital account relating to the Class "E" Shares.

(4) No Voting Right. Subject to the provisions of the Act or as otherwise expressly provided, the holders of Class "E" Shares shall not be entitled to receive notice of, attend or vote at the meeting of shareholders of the Corporation.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the *Canada Business Corporations Act* in this regard, to redeem at any time all or from time to time part of the Class "E" Shares then outstanding upon giving notice to that effect, on payment to the holders of the Class "E" Shares of an aggregate redemption price equal to the consideration received by the Corporation at the time the Class "E" Shares were issued.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "E" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and place at which the redemption is to take place and where payment is to occur and, in the case of partial redemption, the number of shares of each such holder of Class "E" Shares to be redeemed. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "E" Shares called for redemption is deposited with the Corporation's bankers or at any other place specified in the notice, on or before the Redemption Date, the holders of Class "E" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "E" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Subject to paragraph two of Section 36 of the *Canada Business Corporations Act*, each holder of Class "E" Shares shall be entitled, at any time and at such holder's discretion, upon written notice, to require the Corporation to redeem all or part of such holder's shares at a price equal to the "Redemption Value," as described below, plus the amount of dividends declared but unpaid, if any, on the Class "E" Shares.

(a) Redemption Value

The "Redemption Value" of each share corresponds to the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "E" Shares, plus a premium equal to the amount by which the fair market value of the consideration received by the Corporation at the time such Class "E" Share was issued exceeds the total of:

(i) the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "E" Shares; and

(ii) the fair market value of any property, other than a Class "E" Share, given by the Corporation in payment of such consideration.

(b) Determination of Fair Market Value of the Consideration

Upon issuance of the Class "E" Shares, the Corporation and each subscriber of Class "E" Shares shall determine, by mutual consent and in good faith, based on a method deemed fair and reasonable, the fair market value of each of the assets that form part of the consideration received by the Corporation at the time the Class "E" Shares are issued.

(c) Adjustment of the Premium in Case of a Disagreement with the Department of Revenue

In the event of a disagreement with the federal or provincial department of revenue, or both, with respect to the appraisal of the fair market value of one or more of the assets that form part of the consideration received by the Corporation at the time the Class "E" Shares are issued, the appraisal by such department shall prevail. The amount of the premium relating to the redemption of the Class "E" Shares shall be adjusted accordingly if the department in question provides the Corporation and each holder of Class "E" Shares, or, where all of the shares are redeemed, the Corporation and each former holder of Class "E" Shares, with the opportunity to contest the appraisal with the department or before the courts. Where the federal and

provincial appraisals differ, the amount of the premium shall be equal to the lower appraisal established in accordance with an uncontested assessment or another final judgment, as the case may be.

If, before the Redemption Value provided for in the foregoing sentence is adjusted, the Corporation pays, in cash or any other form of consideration, to a holder of Class "E" Shares, in connection with a redemption, retraction or purchase of Class "E" Shares, a sum for the Class "E" Shares that differs from the adjusted Redemption Value, the holder or the Corporation, as the case may be, shall immediately pay to the holder or the Corporation, as the case may be, the difference between the amount paid in connection with the redemption, retraction or purchase and the adjusted Redemption Value. Moreover, if, at the time of the adjustment, dividends have already been declared and paid on the Class "E" Shares, such dividends shall be adjusted so as to reflect the adjustment of the Redemption Value.

(7) Right to Purchase by Private Agreement. Subject to the *Canada Business Corporations Act*, the Corporation may, at any time, without giving notice and without taking into consideration the other classes of shares, purchase by private agreement and at the best possible price all or part of the issued and outstanding Class "E" Shares. However, such purchase price shall never exceed the Redemption Value mentioned above or the book value of the net assets of the Corporation.

(F) CLASS "F" PREFERRED SHARES: The number of Class "F" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited; Class "F" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "F" Preferred Shares. Class "F" Preferred Shares shall have priority over the Common Shares, but not over the Class "B," "C," "D," "E" and "G" Preferred Shares with respect to the order of payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, winding-up or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of Class "F" Shares shall be entitled to receive, every year, in such manner and at such time as the Board of Directors may declare, a non-cumulative dividend at the fixed rate of 1% per month, calculated on the redemption price of the Class "F" Preferred Shares, payable in cash, property or through the issuance of fully paid shares of any class of the Corporation.

(3) Repayment. If, for any reason, including in the event of dissolution or liquidation or winding-up of the Corporation, whether or not voluntary, some or all of the assets of the Corporation are distributed among the shareholders, each holder of Class "F" Shares shall be entitled to repayment of the amount paid for the Class "F" Shares into the subdivision of the issued and paid-up share capital account relating to the Class "F" Shares.

(4) No Voting Right. Subject to the provisions of the Act or as otherwise expressly provided, the holders of Class "F" Shares shall not be entitled to receive notice of, attend or vote at the meeting of shareholders of the Corporation.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the *Canada Business Corporations Act* in this regard, to redeem at any time all or from time to time part of the Class "F" Shares then outstanding upon giving notice to that effect, on payment to the holders of the Class "F" Shares of an aggregate redemption price equal to the consideration received by the Corporation at the time the Class "F" Shares were issued.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "F" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and place at which the redemption is to take place and where payment is to occur and, in the case of partial redemption, the number of shares of each such holder of Class "F" Shares to be redeemed. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "F" Shares called for redemption is deposited with the Corporation's bankers or at any other place specified in the notice, on or before the Redemption Date, the holders of Class "F" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "F" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Subject to paragraph two of Section 36 of the *Canada Business Corporations Act*, each holder of Class "F" Shares shall be entitled, at any time and at such holder's discretion, upon written notice, to require the Corporation to redeem all or part of such holder's shares at a price equal to the "Redemption Value," as described below, plus the amount of dividends declared but unpaid, if any, on the Class "F" Shares.

(a) Redemption Value

The "Redemption Value" of each share corresponds to the amount paid for such share into the subdivision of the issued and paid-up share capital account relating

to the Class "F" Shares, plus a premium equal to the amount by which the fair market value of the consideration received by the Corporation at the time such Class "F" Share was issued exceeds the total of:

(i) the amount paid for such share into the subdivision of the issued and paid-up share capital account relating to the Class "F" Shares; and

(ii) the fair market value of any property, other than a Class "F" Share, given by the Corporation in payment of such consideration.

(b) Determination of Fair Market Value of the Consideration

Upon issuance of the Class "F" Shares, the Corporation and each subscriber of Class "F" Shares shall determine, by mutual consent and in good faith, based on a method deemed fair and reasonable, the fair market value of each of the assets that form part of the consideration received by the Corporation at the time the Class "F" Shares are issued.

(c) Adjustment of the Premium in Case of a Disagreement with the Department of Revenue

In the event of a disagreement with the federal or provincial department of revenue, or both, with respect to the appraisal of the fair market value of one or more of the assets that form part of the consideration received by the Corporation at the time the Class "F" Shares are issued, the appraisal by such department shall prevail. The amount of the premium relating to the redemption of the Class "F" Shares shall be adjusted accordingly if the department in question provides the Corporation and each holder of Class "F" Shares, or, where all of the shares are redeemed, the Corporation and each former holder of Class "F" Shares, with the opportunity to contest the appraisal with the department or before the courts. Where the federal and provincial appraisals differ, the amount of the premium shall be equal to the lower appraisal established in accordance with an uncontested assessment or another final judgment, as the case may be.

If, before the Redemption Value provided for in the foregoing sentence is adjusted, the Corporation pays, in cash or any other form of consideration, to a holder of Class "F" Shares, in connection with a redemption, retraction or purchase of Class "F" Shares, a sum for the Class "F" Shares that differs from the adjusted Redemption Value, the holder or the Corporation, as the case may be, shall immediately pay to the holder or the Corporation, as the case may be, the difference between the amount paid in connection with the redemption, retraction or purchase and the adjusted Redemption Value. Moreover, if, at the time of the adjustment, dividends have already been declared and paid on the Class "F" Shares, such dividends shall be adjusted so as to reflect the adjustment of the Redemption Value.

(7) Right to Purchase by Private Agreement. Subject to the *Canada Business Corporations Act*, the Corporation may, at any time, without giving notice and without taking into consideration the other classes of shares, purchase by private agreement and at the best possible price all or part of the issued and outstanding Class "F" Shares. However, such purchase price shall never exceed the Redemption Value mentioned above or the book value of the net assets of the Corporation.

(G) CLASS "G" PREFERRED SHARES

The number of Class "G" Shares is unlimited, and the consideration paid into the subdivision of the issued and paid-up share capital account relating to such shares is also unlimited. Class "G" Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Ranking of Class "G" Preferred Shares. Class "G" Preferred Shares shall have priority over the Common Shares and the other shares of the Corporation with respect to the order of payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation or dissolution of the Corporation, whether or not voluntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(2) Right to Dividends. The holders of record of the Class "G" Shares shall be entitled to receive, in each fiscal year of the Corporation, a fixed cumulative preferential dividend at the rate of 11.25% per annum per share, calculated daily on the Redemption Price (as defined below) of the Class "G" Shares. Such dividends shall be cumulative from the respective date of issue of each Class "G" Share.

For greater certainty, it is hereby declared that (a) wherever it is used in this Section 2, the expression "dividend at the rate of 11.25% per annum per share" shall mean, with respect to the Class "G" Shares, a dividend calculated at such rate for at least the number of days during which such share was outstanding in the fiscal year with respect to which the calculation is being made and (b) nothing herein contained or implied shall require prorating of dividends with respect to any share not outstanding during the entire period for or with respect to which such dividends are accrued. However, the directors of the Corporation may, at their discretion, prorate dividends with respect to any share not outstanding for the entire period for or with respect to which dividends are accrued if such right to prorate dividends was reserved by the Corporation at the time such shares were issued.

All dividends declared on the Class "G" Shares shall be payable semi-annually on a cumulative basis on the 20th day of the months of June and December in every year, at such place as the directors of the Corporation may determine, in cash or by certified cheque, bank draft or wire transfer, provided that, in respect of any payment of dividends denominated in a currency other than Canadian dollars, the applicable exchange rate shall be that published by the Bank of Canada in effect on the date of payment.

The holders of Class "G" Shares shall be entitled to receive only the aforementioned dividends. No dividends may be paid on any shares ranking junior to the Class "G" Shares, unless all dividends that have become payable on the Class "G" Shares have been paid or set aside for payment.

(3) Liquidation or Winding-Up. In the event of the liquidation, winding-up, dissolution or reorganization of the Corporation or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, whether voluntarily or involuntarily, the holders of Class "G" Shares shall be entitled to receive, in preference to the holders of any other class of shares of the Corporation, an amount equal to the Redemption Price (as defined below) for each Class "G" Share held and any accrued but unpaid dividends on such shares.

(4) No Voting Right. The holders of Class "G" Shares shall not be entitled to receive notice of, attend or vote at the meetings of shareholders of the Corporation, unless the Corporation has failed to pay eight (8) semi-annual dividends on the Class "G" Shares, whether or not consecutive. In that event and only so long as the said dividends remain in arrears, the holders of Class "G" Shares shall be entitled to receive notice of, attend and vote at the meetings of shareholders of the Corporation, except meetings at which only the holders of another specified series or class of shares are entitled to vote. At each such meeting, each Class "G" Share shall entitle the holder thereof to one (1) vote.

(5) Redemption Right. The Corporation shall be entitled, at its discretion, subject to the provisions of the Act in this regard, to redeem at any time all or part of the Class "G" Shares then outstanding upon giving notice as hereinafter provided, on payment to the holders of the Class "G" Shares of an aggregate amount equal to the Redemption Price (as defined below) and any accrued but unpaid dividends on such Class "G" Shares being redeemed. In the case of partial redemption, the Class "G" Shares to be redeemed shall be selected *pro rata* among the holders of all Class "G" Shares then outstanding, except that, with the consent of all the holders of Class "G" Shares, the shares to be redeemed may be selected in another manner.

The Corporation shall, at least one (1) business day prior to the date fixed for redemption (the "Redemption Date"), give written notice, to each then registered holder of Class "G" Shares, of the Corporation's intention to redeem such shares. Such notice shall set out the date and the place at which the redemption is to take place and where

payment is to occur and, in the case of partial redemption, the number of shares to be redeemed from each such holder of Class "G" Shares. If notice of redemption is given as aforesaid and an amount sufficient to redeem the Class "G" Shares called for redemption is deposited with the Corporation's bankers or at any other place or places specified in the notice, on or before the Redemption Date, the holders of Class "G" Shares shall, after the Redemption Date, no longer have any right in or against the Corporation, except the right to receive payment of the Redemption Price and any accrued but unpaid dividends on such Class "G" Shares being redeemed, upon presentation and surrender of the certificates representing such number of shares to be redeemed.

(6) Retraction Right. Each holder of Class "G" Shares shall be entitled, at such holder's discretion, upon prior written notice of no less than one (1) business day to the Corporation, to require the Corporation to redeem all or part of such holder's Class "G" Shares for an aggregate amount equal to the Redemption Price (as defined below) and any accrued but unpaid dividends on such shares, payable, subject to the provisions of the Act in this regard, upon presentation and surrender by such holder of Class "G" Shares of the certificates representing the number of Class "G" Shares to be redeemed (the date on which such presentation and surrender occur being the "Retraction Date"). As of the Retraction Date, the Class "G" Shares shall be considered redeemed, and the Corporation shall pay to such holder of Class "G" Shares the Redemption Price (as defined below) and any accrued but unpaid dividends on such shares. In the event the Corporation is unable to pay the Redemption Price of the Class "G" Shares on the Retraction Date, it shall forthwith give the holder of Class "G" Shares written notice thereof.

(7) Redemption Price. The Redemption Price of the Class "G" Shares shall be an amount equal to $1,000 per Class "G" Share being redeemed. The Redemption Price may be paid in cash, or by certified cheque, bank draft or wire transfer, or by the delivery of assets having equivalent value, provided that in respect of any such payment denominated in a currency other than Canadian dollars, for the purposes of this Section (7), the applicable exchange rate shall be that published by the Bank of Canada in effect on the date of payment.

----------End of Share Capital----------

SCHEDULE B
Relative to the Articles of Amalgamation

RESTRICTIONS ON THE TRANSFER OF SHARES

No shares of capital stock of the Corporation shall be transferred without the approval of Directors as evidenced by a resolution of the Board of Directors; the approval of such transfer of shares may be given as aforesaid after the transfer has been registered in the books of the Corporation, in which case, unless such resolution provides otherwise, the transfer is valid and shall come into force on the date of its registration in the books of the Corporation.

SCHEDULE C
Relative to the Articles of Amalgamation

OTHER PROVISIONS

1. RESTRICTIONS ON THE TRANSFER OF SECURITIES

As long as the Corporation shall have the status of a « private issuer » as defined in *Regulation 45-106 on Prospectus and Registration Exemptions*, all transfers of securities of the Corporation (other than shares and non-convertible debt securities) shall be subject to the consent of the Board of Directors of the Corporation as evidenced by a resolution passed or signed by them.

2. CORPORATION'S BORROWING POWERS

Without in any way limiting the Corporation's powers, the Board of directors may without the consent of the shareholders:

(a) borrow money upon credit of the Corporation;

(b) issue debentures or other securities of the Corporation, and pledge or sell the same for such sums and at such prices as may be deemed expedient; and

(c) hypothecate the immoveable and moveable or otherwise affect the moveable property of the Corporation.

Exhibit 1.20

Industry Canada Industrie Canada

Certificate of Amendment
Canada Business Corporations Act

Certificat de modification
Loi canadienne sur les sociétés par actions

8487782 CANADA INC.
Corporate name / Dénomination sociale

848778-2
Corporation number / Numero de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions,* tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Marcie Girouard
Director / Directeur

2013-05-30
Date of Amendment (YYYY-MM-DD)
Date de modification (AAAA-MM-JJ)

Canada

[Translation]

Industry Canada Industrie Canada

***Canada Business Corporations Act* (CBCA)**
FORM 4
ARTICLES OF AMENDMENT
(Sections 27 or 177)

1 - Corporate name

Jobboom Inc.

2 - Corporation number

8 | 4 | 8 | 7 | 7 | 8 | 2 |

3 - The articles are amended as follows: (*Please note that more than one section can be filled out*)

A: The corporation changes its name to:

8487782 CANADA INC.

B: The corporation changes the province or territory in Canada where the registered office is situated to:
To complete the change, a Form 3 - Change of Registered Office Address must accompany the Articles of Amendment.

C: The corporation changes the minimum and/or maximum number of directors to: (*For a fixed number of directors, please indicate the same number in both the minimum and maximum options*).
Minimum number ☐ **Maximum number** ☐

D: Other changes: (*e.g., to the classes of shares, to restrictions on share transfers, to restrictions on the businesses of the corporation or to anyother provisions that are permitted by the CBCA to be set out in the Articles*) **Please specify.**

Other provisions: the articles of amendment take effect on May 30, 2013 at 6:00 p.m.

4 - Declaration

I hereby certify that I am a director or an authorized officer of the corporation.

Signature: _____

Print name: (signed) Claudine Tremblay *Telephone number:* 514-380-1963

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Canada

[Translation]

Exhibit 1.21

8487782 CANADA INC.
(the "Corporation")

GENERAL BY-LAWS

BY-LAW ONE

SHAREHOLDERS

ARTICLE 1. ANNUAL MEETINGS The annual meeting of shareholders of the Corporation shall be held at such place, on such date and at such time as the Board of Directors may determine from time to time. Annual meetings of shareholders may be called at any time by order of the Board of Directors, the Chairman of the Board or, provided they are directors of the Corporation, the President or any Vice-President.

ARTICLE 2. SPECIAL GENERAL MEETINGS Special general meetings of shareholders shall be held at such place, on such date and at such time as the Board of Directors may determine from time to time or at any place where all the shareholders of the Corporation entitled to vote thereat are present in person or represented by proxy or at such other place as all the shareholders of the Corporation shall approve in writing.

Special general meetings of shareholders may be called at any time by order of the Board of Directors, the Chairman of the Board or, provided they are directors of the Corporation, the President or any Vice-President.

ARTICLE 3. NOTICE OF MEETING A notice specifying the place, date, time and purpose of any meeting of shareholders shall be given to all the shareholders entitled thereto at least 21 days but not more than 60 days prior to the date fixed for the meeting. The notice may be mailed, postage prepaid, to the shareholders at their respective addresses as they appear on the books of the Corporation or delivered by hand or transmitted by any means of telecommunication.

If the convening of a meeting of shareholders is a matter of urgency, notice of such meeting may be given not less than 48 hours before such meeting is to be held.

In the case of joint holders of a share, the notice of meeting shall be given to that one of them whose name stands first in the books of the Corporation and notice so given shall be sufficient notice to all the joint holders.

Irregularities in the notice or in the giving thereof as well as the unintentional omission to give notice to, or the non-receipt of any such notice by, any of the shareholders shall not invalidate any action taken by or at any such meeting.

ARTICLE 4. CHAIRMAN The Chairman of the Board or, in his absence, the President, if he is a director, or, in his absence, one of the Vice-Presidents who is a director of the Corporation (to be designated by the meeting in the event of more than one such Vice-President being present) shall preside at all meetings of shareholders. If all of the aforesaid officers be absent or decline to act, the persons present and entitled to vote may choose one of their number to act as chairman of the meeting. In the event of an equality of votes, the chairman of any meeting shall not be entitled to a casting vote in respect of any matter submitted to the vote of the meeting.

ARTICLE 5. QUORUM, VOTING AND ADJOURNMENTS The holder or holders of not less than 30% of the outstanding shares of the share capital of the Corporation carrying voting rights at such meeting, present in person or represented by proxy, shall constitute a quorum for any meeting of shareholders of the Corporation.

The acts of the holders of a majority of the shares so present or represented and carrying voting rights thereat shall be the acts of all the shareholders except as to matters on which the vote or consent of the holders of a greater number of shares is required or directed by the laws governing the Corporation, the constituting act or the by-laws of the Corporation.

Should a quorum not be present at any meeting of shareholders, those present in person and entitled to be counted for the purpose of forming a quorum shall have power to adjourn the meeting from time to time and from place to place without notice other than announcement at the meeting until a quorum shall be present. At any such adjourned meeting, provided a quorum is present, any business may be transacted which might have been transacted at the meeting adjourned.

ARTICLE 6. RIGHT TO VOTE AND PROXY At all meetings of shareholders, each shareholder present and entitled to vote thereat shall have on a show of hands one vote and, upon a poll, each shareholder present in person or represented by proxy shall be entitled to one vote for each share carrying voting rights registered in his name in the books of the Corporation unless, under the terms of the constituting act some other scale of voting is fixed, in which event such scale of voting shall be adopted. Any shareholder or proxy may demand a ballot (either before or on the declaration of the result of a vote upon a show of hands) in respect of any matter submitted to the vote of the shareholders.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the books of the Corporation.

ARTICLE 7. SCRUTINEERS The chairman at any meeting of shareholders may appoint one or more persons, who need not be shareholders, to act as scrutineer or scrutineers at the meeting.

ARTICLE 8. ADDRESSES OF SHAREHOLDERS Every shareholder shall furnish to the Corporation an address to which all notices intended for such shareholder shall be given, failing which, any such notice may be given to him at any other address appearing on the books of the Corporation. If no address appears on the books of the Corporation, such notice may be sent to such address as the person sending the notice may consider to be the most likely to result in such notice promptly reaching such shareholder.

BY-LAW TWO

BOARD OF DIRECTORS

ARTICLE 1. ELECTION OF DIRECTORS AND TERM OF OFFICE Except as herein otherwise provided, each director shall be elected at an annual meeting of shareholders or at any special general meeting of shareholders called for that purpose, by a majority of the votes cast in respect of such election. It shall not be necessary that the voting for the election of directors of the Corporation be conducted by ballot unless voting by ballot is requested by a shareholder or proxy. Each director so elected shall hold office until the election of his successor unless he shall resign or his office become vacant by death, removal or other cause.

ARTICLE 2. ACTS OF DIRECTORS All acts done by the directors or by any person acting as a director, until their successors have been duly elected or appointed, shall, notwithstanding that it be afterwards discovered that there was some defect in the election of the directors or such person acting as aforesaid or that they or any of them were disqualified, be as valid as if the directors or such other person, as the case may be, had been duly elected and were qualified to be directors of the Corporation.

ARTICLE 3. POWER TO ALLOT STOCK AND GRANT OPTIONS Subject to the provisions of the constituting act of the Corporation, the shares of the Corporation shall be at all times under the control of the directors who may by resolution, 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 the

share capital of the Corporation on such terms and conditions, for such consideration not contrary to law or to the constituting act of the Corporation and at such times prescribed in such resolutions. The directors may, from time to time, make calls upon the shareholders in respect of any moneys unpaid upon their shares. Each shareholder shall pay the amount called on his shares at the time and place fixed by the directors.

ARTICLE 4. POWER TO DECLARE DIVIDENDS The directors may from time to time as they may deem advisable, declare and pay dividends out of any funds available for dividends to the shareholders according to their respective rights and interest therein.

Any dividend may be paid by cheque or warrant made payable to and mailed to the address on the books of the Corporation of the shareholder entitled thereto and in the case of joint holders to that one of them whose name stands first in the books of the Corporation, and the mailing of such cheque or warrant shall constitute payment unless the cheque or warrant is not paid upon presentation.

ARTICLE 5. PLACE OF MEETINGS AND NOTICES All meetings of the Board of Directors shall be held at such place, on such date and at such time as may be determined from time to time by the Board of Directors or at any place where all the directors are present.

Any meeting of the Board of Directors may be called at any time by or on the order of the Chairman of the Board or, provided they are directors of the Corporation, the President or any Vice-President or by any two directors.

Notice specifying the place, date and time of any meeting of the Board of Directors shall be given to each of the directors at least 72 hours prior to the date fixed for such meeting. The notice may be mailed, postage prepaid, to each director at his residence or usual place of business, or delivered by hand or transmitted by any means of telecommunication.

In any case where the convening of a meeting of directors is a matter of urgency, notice of such meeting may be given not less than 3 hours before such meeting is to be held.

Notwithstanding any other provisions of this ARTICLE 5, immediately after the annual meeting of shareholders in each year, a meeting of such of the newly elected directors as are then present shall be held, provided they shall constitute a quorum, without further notice, for the election or appointment of officers of the Corporation and the transaction of such other business as may come before them.

ARTICLE 6. CHAIRMAN The Chairman of the Board or, in his absence, the President, if he is a director, or, in his absence, one of the Vice-Presidents who is a director of the Corporation (to be designated by the meeting in the event of more than one such Vice-President being present) shall preside at all meetings of the directors. If all of the aforesaid officers are absent or decline to act, the directors present may choose one of their number to act as chairman of the meeting. In the event of an equality of votes, the chairman of any meeting shall be entitled to cast one vote as a director, but not a second or casting vote in respect of any matter submitted to the vote of the meeting.

ARTICLE 7. QUORUM Except when the Corporation has only one director, the directors may from time to time fix by resolution the quorum for meetings of directors, but until otherwise fixed, a majority of the directors in office shall constitute a quorum.

ARTICLE 8. VACANCIES AND RESIGNATION In the case of a vacancy occurring in the Board of Directors, the directors then in office, by the affirmative vote of a majority of said remaining directors, so long as a quorum of the Board remains in office, may from time to time and at any time fill such vacancy for the remainder of the term.

ARTICLE 9. SOLE DIRECTOR In the case where the Corporation has only one director, the acts that may be or are required to be taken by the Board of Directors or by two directors of the Corporation, under the Corporation's by-laws, may be taken by the sole director of the Corporation.

BY-LAW THREE

OFFICERS

ARTICLE 1. OFFICERS The directors shall elect or appoint a President, shall appoint a Secretary and may also elect or appoint as officers a Chairman of the Board, one or more Vice-Presidents, one or more Assistant-Secretaries, a Treasurer and one or more Assistant-Treasurers. Such officers shall be elected or appointed at the first meeting of the Board of Directors after each annual meeting of shareholders. There may also be appointed such other officers as the Board of Directors may from time to time deem necessary. Such officers shall respectively perform such duties, in addition to those specified in the by-laws of the Corporation, as shall from time to time be prescribed by the Board of Directors. The same person may hold more than one office, provided, however, that the same person shall not hold the office of President and Vice-President. None of such officers except the Chairman of the Board need be a director of the Corporation.

ARTICLE 2. CHAIRMAN OF THE BOARD The Chairman of the Board, if any, shall preside at all meetings of directors and shareholders of the Corporation and he shall have such other powers and duties as the Board of Directors may determine from time to time.

ARTICLE 3. PRESIDENT The President shall be the chief executive officer of the Corporation and shall exercise a general control of and supervision over its affairs. He shall have such other powers and duties as the Board of Directors may determine from time to time.

ARTICLE 4. VICE-PRESIDENT OR VICE-PRESIDENTS The Vice-President or Vice-Presidents shall have such powers and duties as may be determined by the Board of Directors from time to time. In case of the absence, disability, refusal or omission to act of the President, a Vice-President designated by the directors may exercise the powers and perform the duties of the President and, if such Vice-President exercises any of the powers or performs any of the duties of the President, the absence, disability, refusal or omission to act of the President shall be presumed.

ARTICLE 5. TREASURER AND ASSISTANT-TREASURERS The Treasurer shall have general charge of the finances of the Corporation. He shall render to the Board of Directors, whenever directed by the Board and as soon as possible after the close of each financial year, an account of the financial condition of the Corporation and of all his transactions as Treasurer. He shall have charge and custody of and be responsible for the keeping of the books of account required under the laws governing the Corporation. He shall perform all the acts incidental to the office of Treasurer or as may be determined by the Board of Directors from time to time.

Assistant-Treasurers shall perform any of the duties of the Treasurer delegated to them from time to time by the Board of Directors or by the Treasurer.

ARTICLE 6. SECRETARY AND ASSISTANT-SECRETARIES The Secretary shall attend to the giving of all notices of the Corporation and shall keep the records of all meetings and resolutions of the shareholders and of the Board of Directors in a book to be kept for that purpose. He shall keep in safe custody the seal of the Corporation, if any. He shall have charge of the books containing the names and addresses of the shareholders and directors of the Corporation and such other books and papers as the Board of Directors may direct. He shall perform such other duties incidental to his office or as may be required by the Board of Directors from time to time.

Assistant-Secretaries shall perform any of the duties of the Secretary delegated to them from time to time by the Board of Directors or by the Secretary.

ARTICLE 7. SECRETARY-TREASURER Whenever the Secretary shall also be the Treasurer he may, at the option of the Board of Directors, be designated the "Secretary-Treasurer".

ARTICLE 8. REMOVAL The Board of Directors may, subject to the law and the provisions of any contract, remove and discharge any officer of the Corporation at any meeting called for that purpose and may elect or appoint any other person.

BY-LAW FOUR

SHARE CAPITAL

ARTICLE 1. SHARE CERTIFICATES Certificates representing shares of the share capital of the Corporation shall be approved by the Board of Directors. Share certificates shall bear the signatures of two directors or two officers of the Corporation or of one director and one officer of the Corporation. Such signatures may be engraved, lithographed or otherwise mechanically reproduced thereon. Any certificate bearing the facsimile reproduction of the signature of any of such authorized persons shall be deemed to have been manually signed by him and shall be as valid to all intents and purposes as if it had been manually signed, notwithstanding that the person whose signature is so reproduced shall, at the time that the certificate is issued or on the date of such certificate, have ceased to be an officer or director of the Corporation, as the case may be.

ARTICLE 2. TRANSFER OF SHARES A register of transfers containing the date and particulars of all transfers of shares of the share capital of the Corporation shall be kept either at the head office or at such other office of the Corporation or at such other place in the Province of Québec or elsewhere in Canada as may be determined, from time to time, by resolution of the Board of Directors. One or more branch registers of transfers may be kept at any office of the Corporation or any other place within the Province of Québec or elsewhere as may from time to time be determined by resolution of the Board of Directors. The date and particulars of all transfers of shares contained in a branch register of transfers must also be entered in the register of transfers. Such register of transfers and branch registers of transfers shall be kept by the Secretary or by such other officer or officers as may be specially charged with this duty or by such agent or agents as may be appointed from time to time for that purpose by resolution of the Board of Directors.

Entry of the transfer of any share of the share capital of the Corporation may be made in the register of transfers or in a branch register of transfers regardless of where the certificate representing the share to be transferred shall have been issued.

If the shares of the share capital of the Corporation to be transferred are represented by a certificate, the transfer of such shares shall not be entered in the register of transfers or the branch register of transfers, unless or until the certificate representing the shares to be transferred has been duly endorsed and surrendered for cancellation.

ARTICLE 3. CLOSING OF BOOKS The Board of Directors may, from time to time, by resolution close the register of transfers and the branch registers of transfers, if any, for any time or times not exceeding in the whole 60 days in each financial year of the Corporation on giving notice by advertisement in a newspaper published in the place where the register of transfers is kept and in a newspaper published in the place where each of the branch registers of transfers is kept. The Board of Directors may by resolution fix in advance a date not exceeding 60 days preceding the date of any meeting of shareholders of the Corporation or the date for the payment of any dividend or the date for the allotment of any rights as a record date for the determination of the shareholders entitled to receive notice of any such meeting or to receive payment of any such dividend or to be allotted any such rights. Only shareholders of record on the record date so fixed shall be entitled to receive such notice or to receive payment of such dividend or to be allotted such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after such record date.

ARTICLE 4. TRANSFER AGENTS AND REGISTRARS The Board of Directors may appoint or remove from time to time transfer agents or registrars of transfers of shares of the share capital of the Corporation and, subject to the laws governing the Corporation, make regulations generally, from time to time, with reference to the transfer of the shares of the share capital of the Corporation. Upon any such appointment being made, all certificates representing shares of the share capital of the Corporation thereafter issued shall be countersigned by one of such transfer agents or one of such registrars of transfers and shall not be valid unless so countersigned.

BY-LAW FIVE

FINANCIAL YEAR

The financial year of the Corporation shall end on December 31 in each year. Such date may, however, be changed from time to time by resolution of the Board of Directors.

BY-LAW SIX

ARTICLE 1. CONTRACTS All contracts, deeds, agreements, documents, bonds, debentures and other instruments requiring execution by the Corporation may be signed by two directors or two officers of the Corporation or by one director and one officer of the Corporation or by such persons as the Board of Directors may otherwise authorize from time to time by resolution. Any such authorization may be general or confined to specific instances. Save as aforesaid or as otherwise provided in the by-laws of the Corporation, no director, officer, agent or employee shall have any power or authority to bind the Corporation under any contract or obligation or to pledge its credit.

ARTICLE 2. CONFLICTS OF INTERESTS The Corporation may transact business with one or more of its directors or with any firm of which one or more of its directors are members or employees or with any corporation or association of which one or more of its directors are shareholders, directors, officers or employees. The director who has an interest in such transaction shall disclose it to the Corporation and to the other directors making a decision in respect of such transaction and shall abstain from discussing and voting on the question except if his vote is required to bind the Corporation in respect of such transaction.

BY-LAW SEVEN

DECLARATIONS

Any director or officer of the Corporation or any other person nominated for that purpose by any director or officer of the Corporation is authorized and empowered to give instructions to an attorney, for civil or for criminal, to appear and make answer for and on behalf and in the name of the Corporation to all writs, orders and interrogatories upon articulated facts issued out of any court and to declare for and on behalf and in the name of the Corporation any answer to writs of attachment by way of garnishment in which the Corporation is garnishee. Any director, officer or person so nominated is authorized and empowered to make all affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings to which the Corporation is a party and to instruct an attorney to make demands of abandonment or petitions for winding-up or bankruptcy orders upon any debtor of the Corporation and to attend and vote at all meetings of creditors of the Corporation's debtors and grant proxies in connection therewith. Any such director, officer or person is authorized to appoint by general or special power or powers of attorney any person or persons, including any person other than those directors, officers and persons hereinbefore mentioned, as attorney or attorneys of the Corporation to do any of the foregoing things.

BY-LAW EIGHT

SEAL

The seal of the Corporation, if any, may be affixed by any director or officer of the Corporation or by any person designated by such director or officer.

BY-LAW NINE

REGULATION 45-106

ARTICLE 1. NUMBER OF HOLDERS OF SHARES AND SECURITIES The beneficial ownership of securities of the Corporation, including its shareholders, shall be limited to fifty (50) persons, not including employees and former employees of the Corporation or its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the Corporation in which case each beneficial owner or each beneficiary of the person, as the case may be, must be counted as a separate beneficial owner

ARTICLE 2. ISSUE OF SECURITIES The directors, by way of resolution, may accept subscriptions for securities, allot or issue securities of the Company at such times, on such terms and conditions, to such persons and for such consideration as they see fit.

ARTICLE 3. PRIVATE ISSUER STATUS The directors shall use their best efforts to ensure that the Corporation remains a private issuer and complies with the provisions of section 2.4 of the *Regulation 45-106*.

ARTICLE 4. DECLARATION OF SUBSCRIBER Any person who subscribes shares or other securities issued by the Corporation shall declare to the Corporation that this subscription is exempted from prospectus and registration requirements pursuant to the *Regulation 45-106*

ARTICLE 5. DECLARATION OF TRANSFEREE Any person who purchases shares or other securities of the Corporation shall declare that his acquisition is exempted from prospectus and registration requirements pursuant to the *Regulation 45-106*.

ARTICLE 6. COMMISSION No commission or other remuneration, including a finder's fee, shall be paid in connection with the sale of shares or other securities to a director, executive officer, control person or founder of the Corporation or of an affiliate of the Company.

BY-LAW TEN

BORROWING POWERS

The directors of the Corporation are hereby authorized, when to their best judgment, it is in the best interest of the Corporation to:

(a) borrow money on the credit of the Corporation from any bank, corporation, firm, association or individual, in the amount and in the conditions the Board of directions see fit, and in the best interest of the Corporation;

(b) increase or decrease the amount to be borrowed;

(c) issue or have issued, sell or pledge bonds, debentures, notes or other debt obligations of the Corporation as by the terms, agreements and conditions and for the sums as see fit by the Board of directors;

(d) hypothecate movable and immovable property of the Corporation currently owned or subsequently acquired to secure payment or performance of an obligation or other debt obligations of the Corporation;

(e) mortgage, hypothecate, charge, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired movable and immovable property of the Corporation to secure such bonds, debentures, notes or other debt obligations, other than those contracted by the issuing of the shares;

(f) provide a guarantee on behalf of the Corporation to secure payment of all debt obligations such as borrowed monies, debentures, notes, credits, overdraft advances, or other debts in favour of a bank, corporation, firm or person, including interest, hypothecate and provide to any bank, corporation, firm or any individual, all or any one of the Corporation property, movable or immovable, currently owned or subsequently acquired and provide guarantees that may be accepted by a bank in virtue of the different sections of the Bank Act, renew, modify or substitute such guarantees from time to time, with the authority to contract promises, to provide guarantees in virtue of the Bank Act related to any current debt or subsequently contracted by the Corporation with any bank;

(g) the Board of directors may from time to time, by resolution, delegate to any one or more directors or officers all or any of the powers conferred on the directors by paragraph 1 of this by-law to the full extent thereof or such lesser extent as the directors may in any such resolution provide;

AND the powers hereby conferred shall be deemed to be permanent and not subject to cease after the first exercise. Such powers can be used from time to time as long as they are not revoked by a written resolution.

ADOPTED this May 30, 2013

The President

/s/ Robert Dépatie
Robert Dépatie

The Vice President and the Secretary

/s/ Claudine Tremblay
Claudine Tremblay

Exhibit 2.40

Execution Copy

VIDEOTRON LTD./VIDÉOTRON LTÉE

$400,000,000

5 5/8% SENIOR NOTES DUE JUNE 15, 2025

INDENTURE

Dated as of June 17, 2013

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

This INDENTURE, dated as of June 17, 2013, 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 5 5/8% Senior Notes due June 15, 2025 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 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.

"*144A 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.

"*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.

"*Approved Credit Rating Organization*" has the meaning given to such term in National Instrument 81-102—Mutual Funds.

"*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$25.0 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;

(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; and

(12) any Asset Swap.

"*Asset Swap*" means an exchange of assets 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 in a like-kind exchange or transfer.

"*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 maturity of the Notes 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 maturity of the Notes 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.

"*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 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 Approved Credit 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 Approved Credit 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;

(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, 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 Quebec*, 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 dividended 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 between the Company, the guarantor subsidiaries named therein, Royal Bank of Canada, as administrative agent, RBC Dominion Securities Inc., as lead arranger, and the lenders thereto dated as of November 28, 2000, as thereafter amended.

"*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.

"*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.

"*Depositary*" 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 Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provisions of this Indenture.

"*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).

"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 issued and outstanding 6 3/8% Senior Notes due December 15, 2015, the Company's 9 1/8% Senior Notes due April 15, 2018, the Company's 7 1/8% Senior Notes due January 15, 2020, the Company's 6 7/8% Senior Notes due July 15, 2021 and the Company's 5% Senior Notes due July 15, 2022.

"*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$50.0 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 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.

"G*uarantee*" 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 $50.0 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"* will not include Back-to-Back Securities 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 $400.0 million aggregate principal amount of Notes issued 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 Approved Credit 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 June 17, 2013, 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 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 $25.0 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 Restricted Subsidiary (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise or (c) constitutes the lender;

(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; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any Restricted Subsidiary.

"*Notes*" means the Company's 5 5/8% Senior Notes due 2025 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 Chief Operating Officer, the Chief Financial 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 depositary 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 securing Indebtedness and other Obligations of the Company and Restricted Subsidiaries 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 144A 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 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 Approved Credit 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*" when used with respect to the Trustee, means any officer within the Corporate Trust Department of the Trustee (or any successor group of the Trustee) with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"*Restricted Definitive Notes*" means one or more Definitive Notes bearing the Private Placement Legend.

"*Restricted Global Notes*" means the Canadian Placement Global Notes and 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 144A Legend.

"*Unrestricted Global Notes*" means one or more Global Notes that do not and are not required to bear the 144A Legend and are deposited with and registered in the name of the Depositary 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.

"*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)
"Asset Sale Offer"	4.12(d)
"Authentication Order"	2.02(d)
"Base Currency"	12.10(1)(i)
"Benefited Party"	10.01
"Change of Control Offer"	4.18(1)
"Change of Control Amount"	4.18(1)
"Covenant Defeasance"	8.03
"Event of Default"	6.01
"Excess Proceeds"	4.12
"Excluded Holder"	4.20(2)
"First Currency"	12.11
"indenture legislation"	12.15
"judgment currency"	12.10(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"	12.12
"Proxy Material"	13.07(2)
"Purchase Date"	3.09(3)
"rate(s) of exchange"	12.10(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)

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 favour 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 13.6.

(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 Depositary.

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 provisions of Section 4.09(1) and Section 4.10 hereof) 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 Depositary, and the Depositary 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 Depositary, by applicable law and by any agreements among the Depositary 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 Depositary 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 Depositary or its nominee as part of the Book-Entry System, shall be provided to the Depositary. 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 Depositary or impair, as between the Depositary and its Participants or Indirect Participants, the Applicable Procedures or the operation of customary practices of the Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) ***Dealings with the Depositary.*** The Company and the Trustee acknowledge that subject to and in accordance with Applicable Procedures, each Participant must look solely to the Depositary through its paying agent service, for so long as the Depositary 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 Depositary 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 Depositary, in respect of each amount so paid.

The Company and the Trustee understand that, if so requested by the Trustee or the Company, the Depositary 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 Depositary 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 Depositary to the Company and the Trustee.

The Company and the Trustee understand that the Depositary acts as the agent and depositary 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 Depositary or the payments relating to such Notes, (ii) maintaining, supervising or reviewing any records relating to the beneficial ownership of Notes held by the Depositary, or (iii) any advice or representation made by or with respect to the Depositary and contained in this Indenture or any indenture supplemental to this Indenture with respect to the rules and regulations governing the Depositary or any action to be taken by the Depositary 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 Depositary, 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 Depositary 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 Depositary or Trustee:

(i) a depositary incorporated or organized under the laws of a foreign jurisdiction in addition or in lieu of the Depositary;

(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, 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 laws and regulations in Canada. 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 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 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 laws and regulations in Canada, 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 laws in Canada and that the restrictions on transfer contained herein and in the 144A 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 laws in Canada and that the restrictions on transfer contained herein and in the 144A 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 144A 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 laws and regulations in Canada 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 144A 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 laws and regulations in Canada 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 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 laws and regulations in Canada, and that the restrictions on transfer contained herein and in the 144A 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 the legend in substantially the following form (the "*144A Legend*"):

"THIS NOTE AND THE GUARANTEES ENDORSED HEREON (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) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) 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, (D) 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, (E) 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 (F) 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 (D), (E) OR (F) 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) JUNE 17, 2013, AND (II) THE DATE THAT THE ISSUER 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 144A 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 DEPOSITARY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO VIDEOTRON LTD. (THE "ISSUER") 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.

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. If required by the Trustee or the Company, 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 Officer's 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 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 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**.

At least 15 days but not more than 60 days prior to a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption 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.

The notice shall identify the Notes 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) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) 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;

(7) the applicable section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) 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.

Section 3.04. **Effect of Notice of Redemption**.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption shall become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

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) The Company may redeem the Notes in whole or in part, on one or more occasions, in accordance with Section 3.03 hereof, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed, and

(ii) as determined by an independent investment dealer selected by the Company and acceptable to the Trustee, acting reasonably, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued to (but excluding) the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 365-day year using the actual number of days in the period), at the discount rate equal to the sum of the Canada Bond Yield for such Notes (determined as of the Business Day immediately preceding the date of redemption) plus 100 basis points,

plus, in each case, accrued and unpaid interest to (but excluding) the redemption date.

(2) In addition, beginning on March 15, 2025, the Company may redeem all or a part of the Notes, at once or over time, in accordance with Section 3.03 hereof, at a redemption price of 100.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest thereon on the Notes redeemed 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).

(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) Any prepayment pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08. **Mandatory Redemption**.

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.

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, by first class mail, with a copy to the Trustee, to each Holder, at such Holder's address appearing in the Security Register 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 Depositary, 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 Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, 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 its commencement, 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 Depositary 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 the first interest period (from the Issue Date, which is June 17, 2013, until the first interest payment date, which is October 15, 2013), interest will be calculated on the basis of the actual number of days elapsed from the Issue Date to (but excluding) October 15, 2013 divided by 365. In addition, in the case of the final interest period, if applicable (from April 15, 2025 to June 15, 2025), interest will be calculated on the basis of the actual number of days elapsed from April 15, 2025 to (but excluding) June 15, 2025 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, 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, 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, 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.

(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) For so long as (i) the Notes are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the 1933 Act, and (ii) the Company is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, to make available to Holders and beneficial owners of the Notes, and to prospective purchasers of such Notes designated by such Holders, upon the request of such Holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the 1933 Act to permit compliance with Rule 144A in connection with resales of the Notes.

(4) 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.

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, 2013, 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 is 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$200.0 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) and (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 of its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries 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 Guarantee, 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; and

(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.

(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 in effect as of October 8, 2003; *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; and

(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.

(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.

(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 *pari passu* with the Notes or any Subsidiary Guarantee and liabilities to the extent owed to the Company or any Affiliate of the Company), that are 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; and

(ii) 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 acquired by the Company or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was Incurred or issued in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided*, *however*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred at the time of such acquisition;

(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 any 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$50.0 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; *provided*, that if the fair market value exceeds US$100.0 million, the approval of the disinterested members of the Board of Directors of the Company shall be based upon an opinion or appraisal issued by an independent accounting, appraisal or investment banking firm of national standing in the United States or Canada; *provided*, *further*, *however*, that no such opinion or appraisal shall be required in respect of Consolidation Transactions.

(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) Upon the occurrence of a Change of Control Triggering Event, the Company shall, within 30 days of a Change of Control Triggering Event, 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 Amount*"), 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 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.

Section 4.19. **Future Guarantors**.

The Company shall cause each Person that becomes a Wholly Owned Restricted Subsidiary of the Company following the Issue Date to become a Subsidiary Guarantor and to execute a supplemental indenture and deliver an Opinion of Counsel to the Trustee. In addition, the Company shall not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee any other Indebtedness (including any Back-to-Back Debt) of the Company or any of its Restricted Subsidiaries, unless such Restricted Subsidiary is a Subsidiary Guarantor or simultaneously executes and delivers a supplemental indenture providing for a Subsidiary Guarantee of the payment of the Notes by such Restricted Subsidiary, which Subsidiary Guarantee shall be senior to or *pari passu* with such Subsidiary's guarantee of such other Indebtedness. 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), 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 Income Tax Act (Canada), 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 Income Tax Act (Canada)) with, a "specified shareholder" of the Company for purposes of the thin capitalization rules in the Income Tax Act (Canada).

Any reference, in any context in this Indenture, to the payment of principal, premium, if any, redemption price, Change of Control Amount, 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 agreements 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, 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.

(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 agreements reasonably satisfactory to the Trustee;

(iii) immediately after giving effect to such transaction no Default or Event of Default exists; and

(iv) 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.

(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, if any, on 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 covenants or agreements in 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 money borrowed 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, if any, on, 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$25.0 million or more;

(vii) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US$25.0 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 of 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 rateable 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 and offered indemnity satisfactory to the Trustee to institute such proceeding as trustee, and

(3) 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 Section 7.06 hereof, 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 in ascertaining the pertinent facts; 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 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) or any predecessor Trustee (in its capacity as Trustee) against any and all losses, claims, damages, penalties, fines, liabilities or expenses, including incidental and out-of-pocket expenses and reasonable attorneys fees (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. 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 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.

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 favour 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 favour 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 (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 (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 mandatary 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 and 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 United States counsel 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 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 have delivered to the Trustee an opinion of United States counsel reasonably acceptable to the trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for 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 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;

(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 and/or a 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; *provided, however*, that the Company shall deliver to the Trustee (a) an opinion of United States counsel to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such assumption by a successor corporation and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such assumption had not occurred, and (b) an Opinion of Counsel in Canada to the effect that Holders will not recognize income, gain or loss for Canadian federal tax purposes as a result of such assumption by a successor corporation and will be subject to Canadian federal taxes (including withholding taxes) on the same amounts, in the same manner and at the same times as would have been the case if such assumption had not occurred;

(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;

(7) to conform the text of this Indenture or the Notes to any provision of the "Description of Notes" section of the Final Offering Memorandum for the Notes, dated June 3, 2013, 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 Officer's 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, if any, on 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, if any, on 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.

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), in each case to a Person that is not (either before or after giving effect to such transaction) an Affiliate of the Company, then such Subsidiary Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee; *provided* that such sale or other disposition shall be subject to all applicable provisions of this Indenture, including without limitation Section 4.12 hereof. If a Subsidiary Guarantor is designated as an Unrestricted Subsidiary in accordance with the provisions of Section 4.17 hereof, such Subsidiary Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee. 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 or designation 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, and Additional Amounts, if any, and 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), 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
Montréal, Québec, H3C 4M8
Canada
Attention: Vice President, Legal Affairs
Facsimile No.: (514) 985-8834

With a copy to:

Norton Rose Fulbright Canada LLP
1 Place Ville-Marie
Suite 2500
Montreal, QC H3B 1R1
Attention: Peter J. Wiazowski
Facsimile No.: (514) 286-5474

If to the Trustee:

Computershare Trust Company of Canada
1500 University Street, 7th Floor
Montreal, Québec H3A 3S8

Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

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 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 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. 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.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 12.02. **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 12.03 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 in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

Section 12.03. **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 12.04. **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 12.05. **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 12.06. **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 12.07. **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 12.08. **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 12.09. **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 12.10. **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 12.10 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 Subsections (a) and (b) 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 12.10.

Section 12.11. **Currency Equivalent**

Except as provided in Section 12.10, 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 12.12. **Privacy Matters**

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 shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (i) to have a designated chief privacy officer; (ii) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (iii) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Company or the individual involved; (iv) not to sell or otherwise improperly disclose personal information to any third party; and (v) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

Section 12.13. **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.

Section 12.14. **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 12.15. **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 12.16. **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 12.17. **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, it being understood that the Trustee shall use the efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.18. **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 12.19. **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 Montreal 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 Montreal for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) 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 June 17, 2013.

COMPANY:

VIDEOTRON LTD.

/s/ Robert Dépatie
Name: Robert Dépatie
Title: Chief Executive Officer

SUBSIDIARY GUARANTORS:

LE SUPERCLUB VIDÉOTRON LTÉE

/s/ Jean-François Pruneau
Name: Jean-François Pruneau
Title: Vice President, Finance

VIDÉOTRON INFRASTRUCTURES INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President, Finance and
Chief Financial Officer

VIDEOTRON US INC.

/s/ Robert Dépatie
Name: Robert Dépatie
Title: President

8487782 CANADA INC.

/s/ Robert Dépatie
Name: Robert Dépatie
Title: President

9227-2590 QUÉBEC INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President, Finance and Chief Financial Officer

9230-7677 QUÉBEC INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President, Finance and Chief Financial Officer

VIDEOTRON G.P. / VIDÉOTRON S.E.N.C.

/s/ Chloé Poirier
Name: Chloé Poirier
Title: Treasurer

VIDEOTRON L.P. / VIDÉOTRON S.E.C.
by its general partner 9230-7677 QUEBEC INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President, Finance and Chief Financial Officer

TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF CANADA

/s/ Sophie Brault
Name: Sophie Brault
Title: Corporate Trust Officer

/s/ Candice Bevokol
Name: Candice Bevokol
Title: Associate Trust Officer

EXHIBIT A

(Face of Note)

5 5/8% SENIOR NOTES DUE JUNE 15, 2025

CUSIP_____
ISIN_____
$_____

No._____

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 June 15, 2025.

Interest Payment Dates: April 15 and October 15, commencing October 15, 2013.

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

By:_____
Authorized Signatory

Dated_____, 2013

(Back of Note)

5 5/8% SENIOR NOTES DUE JUNE 15, 2025

[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 DEPOSITARY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO VIDEOTRON LTD. (THE "ISSUER") 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 ENDORSED HEREON (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) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) 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, (D) 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, (E) 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 (F) 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 (D), (E) OR (F) 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) JUNE 17, 2013, AND (II) THE DATE THAT THE ISSUER 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 5.625% 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 October 15, 2013. 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 the first interest period (from the Issue Date, which is June 17, 2013, until the first interest payment date, which is October 15, 2013), interest will be calculated on the basis of the actual number of days elapsed from the Issue Date to (but excluding) October 15, 2013 divided by 365. In addition, in the case of the final interest period, if applicable (from April 15, 2025 to June 15, 2025), interest will be calculated on the basis of the actual number of days elapsed from April 15, 2025 to (but excluding) June 15, 2025 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, if any, on, 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 June 17, 2013 ("*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) The Company may redeem the Notes in whole or in part, on one or more occasions, in accordance with Section 3.03 of the Indenture, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed, and

(ii) as determined by an independent investment dealer selected by the Company and acceptable to the Trustee, acting reasonably, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued to (but excluding) the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 365-day year using the actual number of days in the period), at the discount rate equal to the sum of the Canada Bond Yield for such Notes (determined as of the Business Day immediately preceding the date of redemption) plus 100 basis points,

plus, in each case, accrued and unpaid interest to (but excluding) the redemption date.

(2) In addition, beginning on March 15, 2025, 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 a redemption price of 100.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest thereon on the Notes redeemed 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).

(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, upon not less than 15 days' nor more than 60 days' notice, 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 this clause (3).

(4) Any prepayment pursuant to this paragraph 5 shall be made pursuant to 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) Upon the occurrence of a Change of Control Triggering Event, the Company 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 Holder's 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 Section 3.09 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 mailed 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. 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 and/or a 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; *provided, however*, that the Company shall deliver to the Trustee (a) an opinion of United States counsel to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such assumption by a successor corporation and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such assumption had not occurred, and (b) an Opinion of Counsel in Canada to the effect that Holders will not recognize income, gain or loss for Canadian federal tax purposes as a result of such assumption by a successor corporation and will be subject to Canadian federal taxes (including withholding taxes) on the same amounts, in the same manner and at the same times as would have been the case if such assumption had not occurred; (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 Offering Memorandum for the Notes, dated June 3, 2013, 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, if any, on 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 covenants or agreements in 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 money borrowed 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, if any, on, 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$25.0 million or more; (g) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US$25.0 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. ***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.

14. ***Authentication.*** This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. ***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: Vice President, Legal Affairs.

16. ***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 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

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:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Videotron Ltd.
612 St. Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Vice President, Legal Affairs

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 5 5/8% Senior Notes due June 15, 2025

Reference is hereby made to the Indenture, dated as of June 17, 2013 (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 144A 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 144A 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 144A 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 144A 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 144A 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 144A 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: _____

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 (CUSIP 92660FAE4), or

(ii) ☐ Canadian Placement Global Note (CUSIP 92660FAF1), 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 (CUSIP 92660FAE4), or

(ii) ☐ Canadian Placement Global Note (CUSIP 92660FAF1), 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: Vice President, Legal Affairs

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 5 5/8% Senior Notes due June 15, 2025

Reference is hereby made to the Indenture, dated as of June 17, 2013 (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 144A 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 144A 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 144A 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 144A 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: _____

EXHIBIT D

FORM OF CERTIFICATE FROM ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Videotron Ltd.
612 St. Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Vice President, Legal Affairs

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 5 5/8% Senior Notes due June 15, 2025

Reference is hereby made to the Indenture, dated as of June 17, 2013 (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: _____

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 June 17, 2013 (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:

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, dated as of June 17, 2013 (the "Indenture"), among Videotron Ltd. ("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 Indenture), (2) the indenture, dated as of March 14, 2012 (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), (3) the indenture, dated as of July 5, 2011, as supplemented by the first supplemental indenture, dated as of November 4, 2011, the second supplemental indenture, dated as of December 5, 2011 (the "2011 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 2011 Indenture) (4) the indenture, dated as of January 13, 2010, as supplemented by the first supplemental indenture, dated as of September 29, 2010, the second supplemental indenture, dated as of December 22, 2010, and the third supplemental indenture, dated as of May 2, 2011 (the "2010 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 2010 Indenture), (5) the indenture, dated as of April 15, 2008, as supplemented by the first supplemental indenture, dated as of April 28, 2008, the second supplemental indenture, dated as of September 23, 2008, the third supplemental indenture, dated as of March 5, 2009, the fourth supplemental indenture, dated as of August 17, 2009, the fifth supplemental indenture, dated as of September 2, 2009, the sixth supplemental indenture, dated as of September 29, 2010, the seventh supplemental indenture, dated as of December 22, 2010, and the eighth supplemental indenture, dated as of May 2, 2011 (the "2008 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 2008 Indenture), (6) the indenture, dated as of September 16, 2005, as supplemented by the first supplemental indenture, dated as of April 15, 2008, the second supplemental indenture, dated as of April 28, 2008, the third supplemental indenture, dated as of September 23, 2008, the fourth supplemental indenture, dated as of August 17, 2009, the fifth supplemental indenture, dated as of

September 2, 2009, the sixth supplemental indenture, dated as of September 29, 2010, the seventh supplemental indenture, dated as of December 22, 2010, and the eighth supplemental indenture, dated as of May 2, 2011 (the "2005 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 2005 Indenture), (7) the indenture, dated as of October 8, 2003, as supplemented by the first supplemental indenture, dated as of July 12, 2004, the second supplemental indenture, dated as of July 15, 2005, the third supplemental indenture, dated as of April 15, 2008, the fourth supplemental indenture, dated as of April 28, 2008, the fifth supplemental indenture, dated as of September 23, 2008, the sixth supplemental indenture, dated as of August 17, 2009, the seventh supplemental indenture, dated as of September 2, 2009, the eighth supplemental indenture, dated as of September 29, 2010, the ninth supplemental indenture, dated as of December 22, 2010, and the tenth supplemental indenture, dated as of May 2, 2011 (the "2003 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 2003 Indenture) and (8) 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; 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, 5 5/8% Senior Notes due June 15, 2025 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:

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FIRST AMENDING AGREEMENT to the Amended and Restated Credit Agreement dated as of July 20, 2011 entered into in the City of Montreal, Province of Quebec, as of June 14, 2013.

AMONG: **VIDÉOTRON LTÉE**, a company constituted in accordance with the laws of Quebec, having its registered office at 612 St. Jacques Street, 18th floor, in the City of Montreal, Province of Quebec (hereinafter called the "**Borrower**")

PARTY OF THE FIRST PART

AND: **THE LENDERS, AS DEFINED IN THE CREDIT AGREEMENT** (the "**Lenders**")

PARTIES OF THE SECOND PART

AND: **ROYAL BANK OF CANADA, AS ADMINISTRATIVE AGENT FOR THE LENDERS**, a Canadian bank, having a place of business at 200 Bay Street, 12th floor, South Tower, Royal Bank Plaza, in the City of Toronto, Province of Ontario (hereinafter called the "**Agent**")

PARTY OF THE THIRD PART

AND: **HSBC BANK PLC**, **AS FINNVERA FACILITY AGENT**, a bank governed by the laws of England and Wales, having a place of business at 8 Canada Square, Canary Wharf, London, UK, E14 5HQ (hereinafter called the "**Finnvera Facility Agent**")

PARTY OF THE FOURTH PART

WHEREAS the parties hereto are parties to an Amended and Restated Credit Agreement dated as of July 20, 2011 (the "**Credit Agreement**");

WHEREAS the Borrower has requested certain amendments to the Credit Agreement to extend the Term of the Revolving Facility, to provide for the possibility of future facilities and other matters; and

WHEREAS the Lenders have unanimously agreed with the Borrower to the amendments contemplated hereby, and as such, the Lenders have complied with the provisions of Section 18.14 and 18.15 of the Credit Agreement, as evidenced by the signature of each Lender and of the Agent on this Agreement;

NOW THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

I. INTERPRETATION

All of the words and expressions which are capitalized herein shall have the meanings ascribed to them in the Credit Agreement unless otherwise indicated herein.

II. AMENDMENTS

1. Subsection 1.1.48 of the Credit Agreement (definition of "**Debt**") is amended by adding the following sentence at the end of the subsection:

> "Finally, for the purpose of calculating the Leverage Ratio only, the amount of cash and Cash Equivalents of the Relevant Group on the date of determination shall be deducted from the amount of any Debt (for greater certainty, other than Debt under the Revolving Facility or any other revolving facility not resulting in a permanent reduction of such Debt) required to be repaid following the issuance of an irrevocable repayment notice, if and only to the extent that such Debt would have been included in the computation of the Leverage Ratio."

2. Subsection 1.1.64 of the Credit Agreement (definition of "**Facility**") is amended by adding a reference to the "New Facility" in the subsection. Accordingly, the subsection now provides as follows:

> "1.1.64 "**Facility**" means the Revolving Facility, the Finnvera Term Facility or a New Facility, and "**Facilities**" means all of them."

3. Subsection 1.1.76 (definition of "**Guarantors**") is hereby amended by moving the reference to Section 9.3 from the third line and fourth lines to the first line. Consequently, subsection 1.1.76 now provides as follows:

> "1.1.76 "**Guarantors**" means, subject to the provisions of Section 9.3, Le SuperClub Vidéotron ltée, Videotron US Inc., 9227-2590 Quebec Inc., 9230-7677 Quebec Inc., Videotron G.P., Videotron L.P., Vidéotron Infrastructures Inc., 8487782 Canada Inc. (formerly known as Jobboom Inc.), and all of the wholly-owned Subsidiaries of the Borrower and the Guarantors created or acquired after the Closing Date. A list of the Guarantors and of all of the members of the VL Group as of the Closing Date is provided in Schedule "L" hereto."

4. Subsection 1.1.97 of the Credit Agreement (definition of "**Margin**") is amended by deleting the table and replacing it by the following:

Leverage Ratio	Standby Fee	Prime Rate/US Base Rate plus	Stamping Fees/ LC Fees
x ≥4.50	0.525%	1.625%	2.625%
4.50> x ≥4.00	0.450%	1.25%	2.25%
4.00> x ≥3.50	0.400%	1.00%	2.00%
3.50> x ≥2.50	0.350%	0.75%	1.75%
2.50> x ≥1.50	0.290%	0.45%	1.45%
x <1.50	0.265%	0.325%	1.325%

5. A new subjection 1.1.104 is hereby added to the Credit Agreement as follows. All other subsections are renumbered accordingly:

> "1.1.104 "**New Facility**" means one or more credit facilities created from time to time as permitted under Section 2.3 and benefitting from the Security, such credit facility being similar in nature and purpose to the Finnvera Term Facility."

6. Subsection 1.1.144 (now 1.1.145) of the Credit Agreement (definition of "**Term**") is amended by deleting the date "July 19, 2016", and replacing it with "July 19, 2018". Consequently, subsection 1.1.144 (now 1.1.145) now provides as follows:

> "1.1.145 "**Term**" means, with respect to the Revolving Facility, the period commencing on the Closing Date and terminating on July 19, 2018, and with respect to the Finnvera Term Facility, the period commencing on November 13, 2009 and terminating on the "Maturity Date" as defined in Schedule "P"."

7. The title to and introductory paragraph of Section 2.3 is amended to make reference to a New Facility. Consequently, the title now will be "**2.3 Incremental Commitments and Facilities**", and the introductory paragraph now provides as follows:

> "The Borrower may, on up to three occasions (with a minimum of $25,000,000 of New Commitments each time, but without any minimum for a New Facility) during the Term of the Revolving Facility, by written notice to the Agent, elect to request an increase to the existing Commitments, other than commitments under a New Facility (any such increase, the "**New Commitments**") or elect to create a New Facility, in accordance with the provisions of this Section."

8. Subsections 2.3.1 to 2.3.6 of the Credit Agreement are amended and replaced by the following subsections 2.3.1 to 2.3.7, to take into account the possible creation of a New Facility:

"2.3.1 The aggregate amount of any such New Commitments and available commitments under any New Facility shall not exceed an amount equal to $75,000,000 minus (a) the aggregate undrawn Tranche A Credit, (b) the principal amount under the Term Loan (as each such term in clause (a) above and in this clause (b) is defined in Schedule "P"), and (c) the amount of any previous New Commitments and New Facility (in each case, drawn and undrawn) that remain in effect. The notice shall specify the date (the "**Increased Amount Date**") on which the Borrower proposes that the New Commitments or New Facility shall be effective, which shall be a date not less than 15 Business Days after the date on which such notice is delivered to the Agent. The notice in respect of New Commitments shall provide that the Borrower is first offering the opportunity to provide each New Commitment to the then-existing Lenders, who may accept same on a *pro rata* basis or as they may otherwise agree. Any Lender approached to provide all or a portion of the New Commitments may elect or decline, in its sole discretion, to provide a New Commitment.

2.3.2 The existing Lenders shall advise the Agent within 10 Business Days following receipt of the Borrowers' request for New Commitments as to the extent, if any, to which they wish to provide the New Commitments, and the Agent shall so advise the Borrower. The Borrower shall then identify each Person that is an Eligible Assignee (each, a "**New Lender**") to whom the Borrower proposes any portion of such New Commitments not accepted by an existing Lender be allocated and the amounts of such allocations, within 2 Business Days from receipt of the Agent's notice referred to in the preceding sentence.

2.3.3 The New Commitments and any New Facility shall become effective as of the Increased Amount Date, provided that (a) no Default or Event of Default shall exist on the Increased Amount Date before or after giving effect to such New Commitments or New Facility; (b) the Borrower shall be in pro forma compliance with each of the covenants set forth in Section 12.11 as of the last day of the most recently ended fiscal quarter after giving effect to such New Commitments or New Facility; (c) the New Commitments shall be effected pursuant to one or more Joinder Agreements executed and delivered by the Borrower, the Guarantors, the New Lenders and the Agent, each of which shall be recorded in the Register (as defined in Section 16.3), and each New Lender shall be subject to the requirements set forth in Section 7.3; (d) the New Facility shall be effected pursuant to one or more amendments referred to in subsection 2.3.7, (e) the Borrower shall make any payments required pursuant to Section 7.4 in connection with the New Commitments; and (f) the Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Agent in connection with any such transaction.

2.3.4 On or before the Increased Amount Date (with effect as of the Increased Amount Date), subject to the satisfaction of the foregoing terms and conditions, (a) with respect to all New Commitments, each of the Lenders shall assign to each of the New Lenders, who shall purchase same, at the principal amount thereof (together with accrued interest), such interests in the Loan Obligations under the Revolving Facility outstanding on the Increased Amount Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Loan Obligations under the relevant Facility will be held by existing Lenders and New Lenders ratably in accordance with their Commitments after giving effect to the addition of such New Commitments to the Commitments, (b) each New Commitment and commitment under a New Facility shall be deemed for all purposes a Commitment and each Advance made thereunder (a "**New Advance**") shall be deemed, for all purposes, a Loan Obligation under the Facilities, (c) each New Lender shall become a Lender with respect to the New Commitment and all matters relating thereto, and (d) each Lender under a New Facility shall become a Lender with respect to the New Facility and all matters relating thereto.

2.3.5 The Agent shall notify the Lenders, promptly upon receipt, of the Borrower's notice of the Increased Amount Date, the New Commitments and New Lenders in respect thereof, and any New Facility, as well as the effect of same as contemplated by the preceding paragraph.

2.3.6 The terms and provisions of the New Commitments under the Revolving Facility and New Advances thereunder shall be identical to the terms and provisions of the Loan Obligations, except in respect of any upfront fees or other similar fees to be paid in respect of New Commitments under the Revolving Facility. The terms and provisions of the New Commitments and New Advances not intended to simply be increases in the amount of the Revolving Facility shall be identical to the terms and provisions of the Loan Obligations, except as they relate to pricing, term, and amortization and repayment. For greater certainty, in respect of any increase contemplated in the first two sentences above, no additional Fees shall be payable in respect of any then-existing Commitments. Each Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Agent, to give effect to the provisions of this Section 2.3.

2.3.7 With respect to any New Facility and notwithstanding any other provision of this Agreement to the contrary, only the Borrower, the applicable lenders and agents under such New Facility and the Agent shall enter into an amendment to this Agreement to reflect all changes necessary or appropriate, in the opinion of the Agent, as a result of such New Facility, without the need to obtain the signatures of each of the existing Lenders to such amendment."

9. Section 9.3 of the Credit Agreement is amended by inserting a cross-reference to subsection 9.1.1 in the second sentence and by adding two new sentences at the end. Consequently, Section 9.3 now provides as follows:

"9.3 **Guarantors – Exception**

After the Closing Date, any member of the VL Group may create or acquire one or more Subsidiaries that are or are not wholly-owned by a member of the VL Group, including as a result of its participation in a joint venture with another Person. Such Subsidiary shall not be required to provide a Guarantee pursuant to subsection 9.1.1 or the Security, provided that the absence of such Guarantee does not cause the Borrower to breach the provisions of Section 12.12 at the time of the creation or Acquisition or at any time thereafter, and shall not be considered a Guarantor. If such Subsidiary is wholly-owned, it will be a member of the VL Group. In addition, the Borrower may at any time request to the Agent that one or more of its Subsidiaries (each, a "**Released Guarantor**") shall cease to be considered a Guarantor and that its Guarantee provided pursuant to subsection 9.1.1 and its Security be discharged and terminated if the following conditions are satisfied on the effective date on which such Released Guarantor shall so cease to be considered a Guarantor (the "**Release Date**"): (i) the release of the Released Guarantor as a Guarantor on the Release Date shall not cause the Borrower to breach the provisions of Section 12.12, (ii) no Default or Event of Default exists on the Release Date, and (iii) contemporaneously with the Release Date, all existing Guarantees granted by the Released Guarantor in respect of obligations of the Borrower under Additional Offerings permitted by paragraphs (f) and (g) of Section 13.7, and unsecured Debt permitted by paragraph (i) of Section 13.7, shall also be terminated substantially contemporaneously. In the event that a Released Guarantor ceases to be considered a Guarantor by satisfying all of the conditions of the previous sentence of this Section 9.3, the Security on the property of such Released Guarantor and the Guarantee given by it pursuant to subsection 9.1.1 shall be discharged and terminated by the Agent without any requirement to obtain the consent of the Lenders (and such Person shall thereafter cease to be considered a Guarantor)."

10. Section 12.13 of the Credit Agreement is amended by inserting the words "Subject to Section 9.3," at the beginning of the section. Consequently, Section 12.13 now provides as follows:

"12.13 **Maintenance of Security**

Subject to Section 9.3, it shall take all necessary steps to preserve and maintain in effect the rights of the Agent and the Lenders, as well as any collateral agent designated by the Agent, pursuant to the Security Documents, together with any renewals thereof or additional documents creating Charges that may be required from time to time. In addition, if any new Subsidiary of any member of the VL Group is created or Acquired, or if a Person otherwise becomes a member of the VL Group, then subject to Section 9.3, such Subsidiary will provide Security of the nature described in Article 9, together with such legal opinions as may be reasonably requested by the Agent."

11. Section 13.3 of the Credit Agreement is deleted and replaced by the following:

"13.3 **Asset Dispositions**

The VL Group shall not permit an Asset Disposition of all or any part of their property or assets (whether presently held or subsequently acquired), other than sales at fair market value (provided that any single transaction or series of transactions during the period from June 14, 2013 until the end of the Term of the Revolving Facility that involve property having an aggregate fair market value of less than $25,000,000 and a value per transaction of less than $5,000,000 shall not have to be disposed of at fair market value), and, in such case, only if at the time of the proposed Asset Disposition, (a) there is no Default or Event of Default hereunder and the proposed Asset Disposition will not cause such a Default or Event of Default, and (b) the amount of (A) EBITDA of the VL Group generated during the preceding 12 months by the assets comprised in any such Asset Disposition, plus (B) the aggregate 12-month trailing EBITDA of the VL Group generated by all other assets comprised in all previous Asset Dispositions made since the Closing Date (calculated as of the date of the applicable Asset Disposition), does not exceed 15% of the EBITDA of the VL Group for the 12 months ending on the last day of the month immediately preceding the date of the proposed Asset Disposition; provided that the scheduled Asset Disposition of the VL Group for which a letter of intent has been executed on May 1st, 2013, which generated less than 1% of EBITDA of the VL Group for the financial year 2012, shall be considered a permitted Asset Disposition under this Section 13.3 and shall be excluded from any present or future computation of the aggregate amount in paragraph (b) above; provided further that the VL Group shall be permitted to make (i) dispositions of inventory in the ordinary course of business, (ii) dispositions of

machinery, equipment, spare parts and materials, appliances or vehicles, if same are no longer necessary or useful to the operation of the business or have become obsolete, worn out, surplus, damaged or unusable, as well as the non-material assets listed in Schedule "I" consisting of surplus real estate of the VL Group, which are excluded from the Security and not subject to any Charge thereunder, and (iii) Asset Dispositions between members of the VL Group to the extent that the Borrower complies with the provisions of Section 12.12. In the event of any Asset Disposition permitted under this Section 13.3 to a Person other than a member of the VL Group, (i) the Security on the assets so disposed of shall be discharged by the Agent without any requirement to obtain the consent of the Lenders and, (ii) in the case of any such Asset Disposition made in respect of 100% of the Equity Interests of a Guarantor, the Security on the property of such Guarantor and the Guarantee given by it pursuant to subsection 9.1.1 shall also be discharged and terminated by the Agent without any requirement to obtain the consent of the Lenders (and such Person shall thereafter cease to be considered a Guarantor). In addition, any member of the VL Group shall be permitted to dispose of Back-to-Back Preferred Shares in order to repay Back-to-Back Debt, and shall also be permitted to dispose of property as part of a Tax Benefit Transaction, provided that (A) no Default or Event of Default exists at the time and (B) disposing of such Back-to-Back Preferred Shares or property as part of a Tax Benefit Transaction will not cause a Default or an Event of Default."

12. Section 13.7 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

"13.7 **Debt and Guarantees**

Incur or assume Debt, provide Guarantees or render itself liable in any manner whatsoever, directly or indirectly, for any Indebtedness or obligation whatsoever of another Person, except (a) hereunder for the purposes set forth in Section 3.1; (b) that a member of the VL Group may provide financial assistance to another member of the VL Group to the extent that the Borrower complies with the provisions of Section 12.12; (c) unsecured Debt not exceeding $75,000,000 under the Tranche B Finnvera credit agreement entered into among the Borrower, HSBC Bank plc, The Toronto-Dominion Bank, Credit Suisse and Sumitomo Banking Corporation of Canada dated as of November 13, 2009; (d) in connection with Debt incurred or assumed that is secured by Permitted Charges, and within the limits applicable thereto; (e) in connection with Back-to-Back Transactions and Tax Benefit Transactions including by way of unsecured daylight loans; (f) that the Borrower may incur or assume unsecured Debt by way of Additional Offerings, and that a member of the VL Group may provide unsecured Guarantees in respect of obligations of the Borrower under any such Debt outstanding at any time, to the

extent that the Borrower complies with the applicable Leverage Ratio calculated on a *pro forma* basis and, subject to the provisions of Section 9.3, such member has provided a Guarantee under subsection 9.1.1 or provides such a Guarantee contemporaneously with its Guarantee in relation to the Additional Offering; (g) unsecured Debt by way of Additional Offerings incurred by the Borrower before the Closing Date and listed in Schedule "H" and including, subject to Section 9.3, unsecured Guarantees by members of the VL Group in respect of obligations of the Borrower under such Debt outstanding at any time; (h) the Borrower may borrow Subordinated Debt from Quebecor Media Inc. in a principal amount outstanding from time to time of up to $500,000,000, with interest at a rate not exceeding the greater of (y) the three month bankers' acceptance rate quoted on Reuter's Services, page CDOR, as at approximately 10:00 a.m. on such day plus 3.0% per annum, or (z) 7% per annum (together with interest accrued thereon or paid in kind, the "**QMI Subordinated Debt**"); (i) additional unsecured Debt of up to $100,000,000; (j) in connection with other Subordinated Debt; (k) unsecured daylight loans incurred in connection with Tax Consolidation Transactions, provided that prior to incurring the daylight loan made at the initiation of any Tax Consolidation Transaction in a minimum amount of $75,000,000, the Agent shall have been informed by the Borrower of the incurrence of such daylight loan; and (l) unsecured Debt in respect of daylight loans in the ordinary course of business for cash management purposes; provided that, with respect to any of the matters described in paragraphs (c) to (i) above inclusive, (A) no Default or Event of Default exists at the time, (B) incurring or assuming such Debt (including by way of providing such Guarantee) will not cause a Default or Event of Default, and (C) on a *pro forma* basis, the incurrence or assumption of such Debt would not reasonably be expected to cause the Borrower to breach any of its covenants under Section 12.11 hereof."

13. Section 18.15 of the Credit Agreement is amended to refer to Section 9.3. Consequently, Section 18.15 now provides as follows:

"18.15 **Authorized Waivers, Variations and Omissions**

If so authorized in writing by the Lenders in accordance with the provisions of Section 18.14, the Agent, on behalf of the Lenders, may grant waivers, consents, vary the terms of this Agreement and the Security Documents and do or omit to do all acts and things in connection herewith or therewith. Notwithstanding the foregoing, except with the prior written agreement of (a) each of the Lenders with Commitments in the Facility being amended (or in respect of which a waiver is requested, each such Lender an "**Affected Lender**"), nothing in Section 18.14 or this Section 18.15 shall authorize (i) any extension of the date for, or decrease in the amount of, any payment of principal, interest or other amounts or (ii) any extension

of any maturity date not applicable to all Facilities, and (b) each of the Lenders, nothing in Section 18.14 or this Section 18.15 shall authorize (i) any change (other than an extension) of the date for, increase in the amount of, or change in the currency or mode of calculation or computation of any payment of principal, interest or other amount (including the amount of the Revolving Facility, the Finnvera Term Facility or any New Facility, except as provided in Section 2.3), (ii) any extension of any maturity date applicable to all Facilities, (iii) any change in the terms of Article 18, (iv) any change in the manner of making decisions among the Lenders including the definition of Majority Lenders and Required Lenders-Acceleration, (v) the release of the Borrower or any Guarantor, except as provided herein with respect to permitted Asset Dispositions or as contemplated in Sections 9.3 and 13.1, (vi) the release, in whole or in part, of any of the Security Documents or the Security constituted thereby, except as provided herein with respect to permitted Asset Dispositions (in Section 13.3) or as contemplated in Sections 9.3 and 13.1, (vii) any change in or any waiver of the conditions precedent provided for in Article 10 or (viii) any amendment to this Section 18.15. Waivers of Events of Default not requiring the unanimous consent of the Lenders may be granted by the Majority Lenders or, for Events of Default requiring a waiver in the circumstances described in (a) above, the Affected Lenders (and not by the Required Lenders-Acceleration).

In addition, no amendment to or waiver of (A) Section 4.2 shall be made without the consent of the Issuing Lenders, (B) Section 4.3 shall be made without the consent of the Swing Line Lender, and (C) the definition of "Defaulting Lender" without the consent of the Agent, the Finnvera Agent, the Issuing Lender and the Swing Line Lender."

III. AMENDMENTS TO SCHEDULE P

Following the British Bankers' Association's announced decision to discontinue LIBOR fixing for a number of currencies (including the Canadian dollar), the Borrower and the Foreign Tranche A Lenders have agreed that there will no longer be any appropriate or reasonable method to establish the Tranche A LIBOR for a Tranche A LIBOR Advance Amount or Tranche A Designated Period. In compliance with the provisions of Section 3.9 of Schedule P, the Borrower and the Foreign Tranche A Lenders (with the consent of Finnvera) hereby agree to substitute, on a permanent basis, for the duration of the Tranche A Facility, the interest applicable to Tranche A Advances made by Foreign Tranche A Lenders from Tranche A LIBOR to Tranche A CDOR, such substitution to take effect on the Effective Date (but, in any event, no later than June 14, 2013 which correspond to the last Banking Day prior to the next Tranche A Rollover Date). Consequently and as of such Tranche A Rollover Date:

1. Section 3.2 of Schedule P is amended by removing thereunder the concept whereby the Tranche A Advances made by a Foreign Tranche A Lender shall be in the form of Tranche A LIBOR Advances. Consequently, Section 3.2 of Schedule P shall now provide as follows:

> "3.2 **Type of Tranche A Advances**
>
> Tranche A Advances made by a Domestic Tranche A Lender or Foreign Tranche A Lender in accordance with Section 3.6 of this Schedule P shall be in the form of Tranche A CDOR Advances."

2. Exhibit "P-6" of Schedule P is hereby amended (i) by deleting the following defined terms: "Tranche A LIBOR", "Tranche A LIBOR Advance Amount", "Tranche A LIBOR Advances" and "Tranche A LIBOR Basis" (collectively, the "**Deleted Defined Terms**"), and (ii) by amending the other defined terms set forth therein which include or make reference to any one or more of the Deleted Defined Terms (collectively, the "**Other Defined Terms**") by deleting the inclusion of or reference to such Deleted Defined Terms and any accessory text relating thereto from the definitions of the Other Defined Terms such that such Other Defined Terms shall be read as if such Deleted Defined Terms and such accessory text relating thereto are unwritten.

After giving effect to the above, (i) each reference in Schedule P to *(x)* any one or more of the Deleted Defined Terms, *(y)* any accessory text relating strictly to any such Deleted Defined Terms or relating partly to any such Deleted Defined Terms (in which case, only to such partial extent), and *(z)* any Articles, Sections, Exhibits and Schedules relating strictly to any such Deleted Defined Terms or relating partly to any such Deleted Defined Terms (in which case, only to such partial extent) and any accessory text thereof, and (ii) each Article, Section and Exhibit relating strictly to any such Deleted Defined Terms or relating partly to any such Deleted Defined Terms (in which case, only to such partial extent), if any, shall be deemed unwritten; provided that nothing in this Section shall modify, by virtue of any deletions made pursuant to this Section, the numerical references of any other Articles, Sections or Exhibits of Schedule P.

IV. EFFECTIVE DATE AND CONDITIONS

1. This First Amending Agreement shall become effective as of June 14, 2013 (the "**Effective Date**"), subject to the fulfilment of all conditions precedent set out herein.

2. On the Effective Date, the Credit Agreement shall be modified by the foregoing amendments. The parties hereto agree that the changes to the Credit Agreement set out herein and the execution hereof shall not constitute novation and all the Security shall continue to apply to the Credit Agreement, as amended hereby, and all other obligations secured thereby. Without limiting the generality of the foregoing and to the extent necessary, (i) the Lenders and the Agent reserve all of their rights under each of the Security Documents, and (ii) each of the Borrower and the Guarantors obligates itself again in respect of all present and future obligations under, *inter alia*, the Credit Agreement, as amended hereby.

3. The Borrower shall pay all fees and costs, including (a) the fees referred to in the Borrower's request letter dated May 13, 2013, and (b) legal fees associated with this Agreement incurred by the Agent as contemplated and restricted by the provisions of Section 12.14 of the Credit Agreement.

4. The Borrower shall provide the opinion of its counsel, in form and substance acceptable to the Agent and the Lenders' counsel, with respect to the power, capacity, and authority of the Borrower and each of the Guarantors to enter into or intervene in this First Amending Agreement and to perform its obligations hereunder, with respect to the enforceability of this First Amending Agreement in accordance with its terms, and with respect to the continued enforceability (unaffected hereby) of all of the Security.

5. All of the representations and warranties of the Borrower contained in Article 11 of the Credit Agreement (except where qualified in Article 11 as being made as at a particular date) are true and correct on and as of the Effective Date as though made on and as of the Effective Date.

V. MISCELLANEOUS

1. All of the provisions of the Credit Agreement that are not amended hereby shall remain in full force and effect.

2. This Agreement shall be governed by and construed in accordance with the Laws of the Province of Quebec.

3. The parties acknowledge that they have required that the present agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement ou à la suite de la présente convention.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED THIS AGREEMENT ON THE DATE AND AT THE PLACE FIRST HEREINABOVE MENTIONED.

VIDÉOTRON LTÉE

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

/s/ Chloé Poirier
Name: Chloé Poirier
Title: Treasurer

ROYAL BANK OF CANADA, as Agent

/s/ Rodika Dutka
Name: Rodika Dutka
Title: Manager, Agency

THE REVOLVING FACILITY LENDERS:

ROYAL BANK OF CANADA, as Lender

/s/ Pierre Bouffard
Name: Pierre Bouffard
Title: Authorized Signatory

Name:
Title:

NATIONAL BANK OF CANADA

/s/ Luc Bernier
Name: Luc Bernier
Title: Director

/s/ Bruno Lévesque
Name: Bruno Lévesque
Title: Director

THE TORONTO-DOMINION BANK

/s/ *(signature)*
Name:
Title:

/s/ *(signature)*
Name:
Title:

BANK OF MONTREAL

/s/ Martin Stevenson
Name: Martin Stevenson
Title: Director

BANK OF AMERICA, N.A., Canada Branch

/s/ Medina Sales de Andrade
Name: Medina Sales de Andrade
Title: Vice President

Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE

/s/ Alain Longpré
Name: Alain Longpré
Title: Executive Director

/s/ Anissa Rabia-Zeribi
Name: Anissa Rabia-Zeribi
Title: Executive Director

THE BANK OF NOVA SCOTIA

/s/ Rob King
Name: Rob King
Title: Managing Director

/s/ Eddy Popp
Name: Eddy Popp
Title: Director

CITIBANK, N.A., Canadian Branch

/s/ Isabelle F. Côté
Name: Isabelle F. Côté
Title: Authorized Signatory

CAISSE CENTRALE DESJARDINS

/s/ *(signature)*
Name:
Title:

/s/ *(signature)*
Name:
Title:

LAURENTIAN BANK OF CANADA

/s/ Jean-François Morneau
Name: Jean-François Morneau
Title:

/s/ Sophie Boucher
Name: Sophie Boucher
Title:

HSBC BANK CANADA

/s/ *(signature)*
Name:
Title:

Name:
Title:

GOLDMAN SACHS LENDING PARTNERS LLC

/s/ Rebecca Kratz
Name: Rebecca Kratz
Title:

Name:
Title:

MIZUHO CORPORATE BANK, LTD.

/s/ W.M. McFarland
Name: W.M. McFarland
Title: Senior Vice President Canada Branch

/s/ *(signature)*
Name:
Title:

BANK OF TOKYO – MITSUBISHI UFJ (CANADA)

/s/ *(signature)*
Name:
Title:

Name:
Title:

ICICI BANK CANADA

/s/ Arup Ganguly
Name: Arup Ganguly
Title: Vice President – Corporate Banking

/s/ Leslie Mathew
Name: Leslie Mathew
Title: Assistant Vice President – Corporate Banking

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

/s/ E.R. Langley
Name: E.R. Langley
Title: Senior Vice President

Name:
Title:

HSBC BANK PLC, as Finnvera Facility Agent

/s/ Mark Looi
Name: Mark Looi
Title: Director 38368A

THE FINNVERA TERM FACILITY LENDERS:

HSBC BANK PLC

/s/ Mark Looi
Name: Mark Looi
Title: Director 3836A

THE TORONTO-DOMINION BANK

/s/ Vince Chang
Name: Vince Chang
Title: Managing Director

/s/ Sumit Paliwaz
Name: Sumit Paliwaz
Title: Director

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

/s/ E.R. Langley
Name: E.R. Langley
Title: Managing Director

The undersigned acknowledge having taken cognizance of the provisions of the foregoing First Amending Agreement and agree that the Guarantees and Security executed by them (A) remain enforceable against them in accordance with their terms, and (B) continue to guarantee or secure, as applicable, all of the obligations of the Persons specified in such Guarantees and Security Documents in connection with the Credit Agreement as defined above, and as amended hereby:

LE SUPERCLUB VIDÉOTRON LTÉE

/s/ Jean-François Pruneau
Name: Jean-François Pruneau
Title: Vice President, Finance

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

VIDEOTRON US INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Treasurer

VIDEOTRON L.P., represented by its general partner 9230-7677 Québec Inc.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

VIDÉOTRON INFRASTRUCTURES INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

9227-2590 QUÉBEC INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

9230-7677 QUÉBEC INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

VIDEOTRON G.P.

/s/ Chloé Poirier
Name: Chloé Poirier
Title: Treasurer

8487782 CANADA INC.

/s/ Marie-Josée Marsan
Name: Marie-Josée Marsan
Title: Vice President Finance and Chief Financial Officer

Exhibit 7.1

Videotron Ltd.

Statement Regarding Calculation of Ratio of Earnings to Fixed Charges as Disclosed in Videotron Ltd.'s Annual Report on Form 20-F for the Year Ended December 31, 2013

For the purpose of calculating the ratio of earnings to fixed charges disclosed in Videotron Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2013, (i) earnings consist of net income plus income taxes, fixed charges, amortized capitalized interest, authorized capitalized interest, less interest capitalized, and (ii) fixed charges consist of interest expensed and capitalized, excluding interest on QMI subordinated loans, plus amortized premiums, discounts and capitalized expenses relating to indebtedness and an estimate of the interest within rental expense.

Exhibit 8.1

List of Subsidiaries of Videotron Ltd.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
9227-2590 Québec inc.	Québec
9230-7677 Québec inc.	Québec
9293-6707 Québec inc.	Québec
8487782 Canada inc.	Canada
8513872 Canada inc.	Canada
Videotron G.P.	Québec
Videotron Infrastructures inc.	Canada
Videotron L.P.	Québec
Videotron US Inc.	Delaware
SETTE inc.	Québec

Exhibit 12.1

Certification of the Principal Executive Officer of
Videotron Ltd.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Dépatie, President and Chief Executive Officer of Videotron Ltd. (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 20, 2014

/s/ Robert Dépatie
Name: Robert Dépatie
Title: President and Chief Executive Officer

Exhibit 12.2

Certification of the Principal Financial Officer of
Videotron Ltd.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Marie Piuze, Vice President, Control of Videotron Ltd. (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 20, 2014

/s/ Marie Piuze
Name: Marie Piuze
Title: Vice President, Control

Exhibit 13.1

Certification of the Principal Executive Officer of
Videotron Ltd.
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 Videotron Ltd. (the "Company") on Form 20-F for the year ending December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Dépatie, 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 20, 2014

/s/ Robert Dépatie
Name: Robert Dépatie
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.

Exhibit 13.2

Certification of the Principal Financial Officer of
Videotron Ltd.
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 Videotron Ltd. (the "Company") on Form 20-F for the year ending December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marie Piuze, Vice President, Control 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 20, 2014

/s/ Marie Piuze
Name: Marie Piuze
Title: Vice President, Control

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.