

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, 2020
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	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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

None
(Title of Class)

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

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.

10,718,326.822 "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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:
U.S. GAAP International Financial Reporting Standards as issued Other
by the International Accounting Standards Board

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 the “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, all references to “Quebecor” are to Quebecor Inc., the majority shareholder of Quebecor Media, and all references to “Fibrenoire” are references to Fibrenoire Inc.

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 5% Senior Notes due July 15, 2022, our 5½% Senior Notes due June 15, 2024, our 5¾% Senior Notes due June 15, 2025, our 5¼% Senior Notes due January 15, 2026, our 5¼% Senior Notes due April 15, 2027, our 4½% Senior Notes due January 15, 2030 and our 3¾% Senior Notes due January 15, 2031.

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 and Numeris. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of this information is not guaranteed. Industry and company data is approximate and may reflect rounding in certain cases.

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

PRESENTATION OF FINANCIAL INFORMATION

IFRS and Functional Currency

Our audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

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

Non-IFRS Financial Measures and Key Performance Indicators

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

We provide a definition of adjusted EBITDA, cash flows from operations, revenue-generating unit (“RGU”) and average billing per unit (“ABPU”) under “Item 5. Operating and Financial Review and Prospects – Non-IFRS Financial Measures” and “Item 5. Operating and Financial Review and Prospects – Key Performance Indicators”, including a reconciliation of Adjusted EBITDA and cash flows from operations to the most directly comparable IFRS financial measures.

Unless otherwise indicated, information provided in this annual report, including all operating data presented, is as of December 31, 2020.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to successfully continue developing our network and facilities-based mobile services;
- general economic, financial or market conditions and variations in our businesses;
- the intensity of competitive activity in the industries in which we operate;
- new technologies that might change consumer behaviour toward our product suite;
- unanticipated higher capital spending required to develop our network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of our business;
- our ability to implement successfully our business and operating strategies and manage our growth and expansion;
- disruptions to the network through which we provide our digital television, Internet access, mobile and wireline telephony and subscription-based OTT entertainment services (“**Club illico**”), and our ability to protect such services from piracy, unauthorized access or other security breaches;
- labour disputes or strikes;
- interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics and other health crises, including the COVID-19 pandemic, and political instability in some countries;
- the impact of emergency measures implemented by various levels of government;
- 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 with or furnish to the U.S. Securities and Exchange Commission (“**SEC**”), as described under “Item 10. Additional Information – Documents on Display” of this annual report.

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

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

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

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

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

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

In our television business, we compete against incumbent local exchange carriers (“ILECs”) and third party Internet access (“TPIA”) providers. Our primary ILEC and TPIA provider competitors have rolled out their own Internet protocol television (“IPTV”) service in the vast majority of the territory in which we operate.

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

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

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

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

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

In our mobile telephony business, we compete against a mix of market participants, some of them active in our territory in some or all of the products we offer, with others offering only mobile telephony services. In addition, users of mobile voice and data systems may find their communication needs satisfied by other current adjunct technologies, such as Wi-Fi, "hotspots" or trunk radio systems, which have the technical capability to handle mobile data communication and mobile telephone calls. There can be no assurance that current or future competitors will not provide network capacity and/or services comparable or superior to those we provide or may in the future provide, or at lower prices, or adapt more quickly to evolving industry trends or changing market requirements, or introduce competing services. For instance, some providers of mobile telephony services (including incumbent carriers) have deployed and have been operating, for many years, lower-cost mobile telephony brands in order to acquire additional market share. Furthermore, the decisions to be taken by the CRTC with regards to a new regulatory framework for mobile services stand to have a significant impact on our competitive environment, as we could see the emergence of non-facility-based operators (mobile virtual network operators "MVNOs") with mandated access to the networks of facility-based operators. We may not be able to compete successfully in the future against existing and such potential new competitors; increased competition could have a material adverse effect on our business, prospects, revenues, financial condition, and results of operations.

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

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

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

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

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

5G technology is evolving rapidly. Canada's first standards-based commercial launches were announced in 2020 and 5G coverage will expand over the upcoming years. The 5G ecosystem operates on multiple frequency bands, including the 600 MHz spectrum acquired in 2019 by Videotron. However, 3.5 GHz spectrum is becoming a primary band for 5G mobile coverage. Innovation, Science and Economic Development Canada ("ISED") is scheduled to hold an auction of 3.5 GHz frequencies beginning in June 2021. There is a risk that we may not be able to purchase the 3.5 GHz spectrum required to compete equally on network speeds and 5G capacity. Any such difficulty or inability to compete could have a material adverse effect on our business, reputation, prospects, financial condition, and results of operations.

In the past, we have required substantial capital for the upgrade, expansion and maintenance of our networks and the launch and deployment of new or additional services. We expect that additional capital expenditures will continue to be required in the short-term, mid-term and long-term in order to maintain, expand and enhance our networks, systems and services, including expenditures relating to the deployment of LTE-Advanced/5G mobile technologies. Moreover, additional investments in our business may not translate into incremental revenues, cash flows or profitability.

We could be adversely impacted by pandemics, epidemics and other public health issues.

The COVID-19 pandemic has had a significant impact on the economic environment in Canada and around the world. The overall impact on our business and activities is still uncertain and cannot be evaluated with precision despite recent developments relating to vaccines, considering future developments such as the spread of the virus, the expected date of termination of the crisis, the risks associated with potential future waves of the virus, its impact on consumer spending, labour shortages due to the virus, the continuing disruption in the supply chain and the effectiveness or the strictness of the actions taken by the federal and Québec governments to manage the pandemic. Public and private sector regulations, policies and other measures aimed at reducing the spread of the COVID-19 pandemic include the suspension of business activities deemed non-essential when needed, restrictions on the movement of personnel, the promotion of physical and social distancing, lockdown orders, border closures, travel bans, self-imposed quarantine periods, self-isolation, and the adoption of work-from-home and online education by companies, schools and institutions.

Potential adverse impacts of the COVID-19 pandemic include, but are not limited to: (i) a reduction in demand for our products or services, or an increase in delinquent or unpaid bills, due to job losses and associated financial hardship; (ii) a decline in revenues as a result of services provided at no cost to customers; (iii) a decline in access fees for speciality television services and exclusive on-demand content due to the postponement or cancellation of sporting events; (iv) a reduction in the availability of content, and therefore a reduction in our ability to provide the content and programming that our customers expect; (v) downgrade or cancellation of customer services; (vi) issues delivering our products and services; (vii) lost revenues due to the significant economic challenges that small and medium-sized business customers are facing; (viii) uncertainty associated with the costs and availability of resources required to provide appropriate levels of service to customers; (ix) additional capital expenditures, and uncertainty associated with costs, delays and the availability of resources required to maintain, upgrade or expand our network in order to accommodate increased network usage, and to expand our self-install and self-serve programs in order to attract new customers; (x) unexpected increase of user data demand and increased pressure on our network capacity, which could negatively affect our network's performance, availability, speed, consistency and our ability to provide services; (xi) the ability of certain suppliers and vendors to provide products and services to us; (xii) the impact of legislation, regulations and other government interventions in response to the COVID-19 pandemic; (xiii) the negative impact on global credit and capital markets; and (xiv) the ability to access capital markets at a reasonable cost or at all. Any of these risks and uncertainties could have a material adverse impact on our business, prospects, results of operations and financial condition.

The outbreak of the COVID-19 pandemic has resulted in significant economic interventions by the federal, provincial, and municipal governments throughout Canada, which include, notably, grants, wage subsidies, incentives, increased assistance programs and loans, as well as temporary relief measures put in place by regulatory agencies to support certain economic activities, industries or major employers. There can be no assurance that these economic mitigation measures will continue at their present levels or at all, thereby resulting in our operations and financial condition being adversely affected.

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

Wireless, video and broadband services are undergoing rapid and significant technological changes and a dramatic increase in usage, in particular, from the demand for faster and seamless usage of video and data across mobile and fixed devices. It is projected that this demand will further accelerate, driven by the following increases: levels of broadband penetration; need for personal connectivity and networking; teleworking; affordability of mobile devices; multimedia-rich services and applications; and unlimited data plans. The anticipated levels of data traffic will represent a growing challenge to the current mobile network's ability to serve this traffic. We will have to acquire additional spectrum in order to address this increased demand. The ability to acquire additional spectrum at a reasonable price or at all is dependent on the competition level as well as the spectrum auction timing and rules. In previous auctions, ISED has used, and we have benefited from, certain measures to support competition, which notably included set-asides and spectrum aggregation limits ensuring that a minimum amount of spectrum was effectively reserved for eligible facilities-based telecommunication service providers that were not national incumbent wireless carriers. There can be no assurance that these pro-competition measures will be used again by ISED in future auctions, or that we will be or remain eligible to benefit from such measures. If we are not successful in acquiring additional spectrum we may need on reasonable terms, or not at all, that could have a material adverse effect on our business, prospects and financial condition. See also "Item 4. Information on the Corporation — Regulation — Canadian Telecommunications Services — Regulatory Framework for Mobile Wireless Services."

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

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

We could be adversely impacted by the increasing proportion of bring-your-own-device (“BYOD”) customers with no fixed-term contracts.

Given rising costs and marginal technological advancements in mobile devices, consumers tend to keep their mobile devices for longer periods of time, thereby increasing the proportion of wireless customers without fixed term contracts. Such customers are under no contractual obligation to remain with a specific carrier for a fixed term. Moreover, customers who bring their own device receive wireless services without entering into fixed term contracts. In addition, new technologies now embedded in a growing number of mobile devices, including the eSIM or embedded-SIM, will, once widely adopted, allow customers to switch between carriers without the use of a carrier-provided SIM card. This could have a material adverse effect on our churn rate and, consequently, on our business, prospects, revenues, financial condition and results of operations.

Our inventory may become obsolete.

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

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

There can be no assurance that we will be able to generate or otherwise obtain the funds to implement our business strategies and finance our capital expenditure programs or other investment requirements, whether through cash from operations, additional borrowings or other sources of funding. If we are unable to generate sufficient funds or obtain additional financing on acceptable terms, we may be unable to implement our business strategies or proceed with the capital expenditures and investments required to maintain our leadership position, and our business, financial condition, results of operations, reputation, and prospects could be materially adversely affected.

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

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

We may not successfully implement our business and operating strategies.

Our strategies include strengthening our position as telecommunications leader, introducing new and enhanced products and services, enhancing our advanced broadband network, further integrating the operations of our subsidiaries, leveraging geographic clustering and maximizing customer satisfaction across our business. We may not be able to implement these strategies successfully or realize their anticipated results fully or at all, and their implementation may be more costly or challenging than initially planned. In addition, our ability to successfully implement these strategies could be adversely affected by a number of factors beyond our control, including operating difficulties, increased dependence on third party suppliers and service providers, increased ongoing operating costs, regulatory developments, general or local economic conditions, increased competition, technological changes, any restrictive measures put in place in order to contain an outbreak of a contagious disease or other adverse public health development, and other factors described in this “Risk Factors” section. Any material failure to implement our strategies could have an adverse effect on our reputation, business, financial condition, prospects, and results of operations, as well as on our ability to meet our obligations, including our ability to service our indebtedness.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Furthermore, on November 3, 2020, the federal government introduced Bill C-10 which proposes to amend the *Broadcasting Act* (Canada) (the “**Broadcasting Act**”) in order to include foreign OTT content providers in Canada’s regulatory framework. Similarly to Netflix’s arrangement, such bill would force them to promote Canadian cultural products and make material expenditures in order to support local cultural production. If adopted, this bill could put an even greater pressure on the price of content.

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

We provide our television, Internet access, wireline telephony and mobile telephony services through a primary headend and a series of local headends in our single clustered network. Despite available emergency backup or replacement sites, automatic failover systems, and disaster recovery measures, a failure in our primary headend, including exogenous threats, such as cyber-attacks, natural disasters, sabotage or terrorism, or dependence on certain external infrastructure providers (such as electric utilities), could prevent us from delivering some of our products and services throughout our networks until the failure has been resolved, which may result in significant customer dissatisfaction, loss of revenues and potential civil litigation, and could have a material adverse effect on our financial condition.

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

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

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

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

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

On June 12, 2020, Québec's Minister of Justice introduced Bill 64, *An Act to modernize legislative provisions as regards the protection of personal information*. The purpose of this bill is to modify the obligations of public bodies and private sector enterprises by modernizing the framework applicable to the protection of personal information. On November 17, 2020, Canada's Minister of Innovation, Science and Industry, introduced Bill C-11, the *Digital Charter Implementation Act, 2020*, which will create new and enhanced obligations for private-sector organizations. If passed, these bills are expected to impose new obligations on us and add important deterrent powers to the authorities in charge of their application. Federal and provincial legislation in the area of privacy and personal information is constantly evolving and is expected to undergo significant changes in the coming years. We do not expect compliance with this legislation to threaten our business, but we may incur significant costs to update our security systems, processes and controls, which could have a material adverse effect on our financial condition.

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

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

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

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

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

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

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

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

The day-to-day operation of our business is highly dependent on information technology systems, including those of certain third-party suppliers, some of which are based in territories with potential geopolitical risk. Furthermore, our business relies on the use of numerous distinct information technology systems, billing systems, sales channels, databases as well as different rate plans, promotions and product offerings, which make our operations increasingly complex and may unfavourably impact our response time to market trends and the risk of billing or service errors. An inability to maintain and enhance our existing information technology systems or obtain new systems to accommodate additional customer growth or to support new products, and services could have an adverse impact on our ability to acquire new subscribers, retain existing customers, produce accurate and timely billing, generate revenue growth, manage operating expenses and carry out operations without interruption; all of which may have a material adverse effect on our business, prospects, results of operations and financial condition.

We have entered into strategic relationships with service providers to ensure that the technology we adopt and invest in is the best in class in our industry. An inability to maintain these relationships or difficulties implementing our technology roadmap could result in higher capital requirements, prolonged development timelines and substandard performance of our products and services.

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

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

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

Moreover, as there is a limited number of manufacturers of mobile devices and customer premises equipment (“CPE”), there is a risk that we will not be able to maintain agreements for their existing supply on commercially reasonable terms. The rising mobile device and CPE costs, in a price-sensitive market, could negatively impact our revenues, financial condition and results of operations, as we may not be able to pass on to customers a corresponding increase in the price of our products. Furthermore, some of our competitors benefit from higher purchasing volumes which provide them the ability to negotiate better prices from manufacturers.

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

We may be adversely affected by litigation and other claims.

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

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

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

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

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

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

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

The COVID-19 pandemic has accelerated our adoption of a remote work policy establishing guidelines for our employees when working from home. Remote work arrangements of our employees and those of certain of our suppliers could introduce additional operating risks including, but not limited to, confidentiality risks, privacy risks, information security risks, health and safety risks and impair our ability to manage our business. This situation could also result in an increase in the number of legal proceedings and other claims related to the pursuit of our activities outside of our usual premises.

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

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

We may be adversely affected by exchange rate fluctuations.

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

Also, a substantial portion of our debt is denominated in U.S. dollars, and interest, principal and premium, if any, are payable in U.S. dollars. For the purposes of financial reporting, any change in the value of the Canadian dollar against the U.S. dollar during a given financial reporting period would result in a foreign exchange gain or loss on the translation of any unhedged U.S. dollar-denominated debt into Canadian dollars. Consequently, our reported earnings and debt could fluctuate materially as a result of foreign-exchange gains or losses. We have entered into transactions to hedge the exchange rate risk with respect to our U.S. dollar-denominated debt outstanding at December 31, 2020, and we intend in the future to enter into such transactions for new U.S. dollar-denominated debt. These hedging transactions could, in certain circumstances, prove economically ineffective and may not be successful in protecting us against exchange rate fluctuations, or we may in the future be required to provide cash and other collateral in order to secure our obligations with respect to such hedging transactions, or we may in the future be unable to enter into such transactions on favorable terms, or at all, or, pursuant to the terms of these hedging transactions, our counterparties thereto may owe us significant amounts of money and may be unable to honour such obligations, all of which could have an adverse effect on our results of operations and financial condition.

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

The fair value of the derivative financial instruments we are party to is estimated using period-end market rates and reflects the amount we would receive or pay if the instruments were terminated and settled at those dates, as adjusted for counterparties' non-performance risk. At December 31, 2020, the net aggregate fair value of our cross-currency interest rate swaps and foreign-exchange forward contracts was in a net asset position of \$325.3 million on a consolidated basis (assets of \$353.7 million and liabilities of \$28.4 million). These swaps and forward contracts were contracted with large Canadian and American banks. See also "Item 11. Quantitative and Qualitative Disclosures About Market Risk" of this annual report.

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

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

The capital and credit markets have experienced significant volatility and disruption in the past, resulting in periods of upward pressure on the cost of new debt capital and severe restrictions in credit availability for many companies. In such periods, the disruptions and volatility in the capital and credit markets have also resulted in higher interest rates or greater credit spreads on the issuance of debt securities and increased costs under credit facilities. Disruptions and volatility in the capital and credit markets could increase our interest expense, thereby adversely affecting our results of operations and financial position.

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

Some of our debt has a variable rate of interest linked to various interest rate benchmarks, such as the London Inter-Bank Offered Rate (“**LIBOR**”) or the Canadian Dollar Offered Rate (“**CDOR**”). It is expected that interest rate benchmarks such as LIBOR and CDOR will be reformed or will be discontinued and replaced with alternative interest rate benchmark rates which meet new regulatory and market requirements. The consequence of this development cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness.

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

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

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

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

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

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

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

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

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

The rising adoption of web-based and application-based channels may adversely affect the customer reach of our telecommunications business' sales network.

To better meet the changing habits and expectations of consumers and businesses, our telecommunications business' competitors are rapidly developing digital platforms, which allow them to sell and distribute their products on web-based or application-based channels and to shift customer interaction to digital platforms driving more self-help, self-install and self-service. If we do not succeed in implementing and pursuing our own digital strategy and fail to evolve our customer experience in line with customers' demands, this could place us at a competitive disadvantage, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Risks Relating to Regulation

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

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

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

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

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

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

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

In a series of decisions since 2015, the CRTC has reemphasized the importance it gives to mandated wholesale access arrangements as a driver of competition in the retail Internet access market. Among other things, the CRTC has ordered all of the major telephone and cable companies, including Videotron, to provide new disaggregated wholesale access services, which are to replace existing aggregated wholesale access services after a transition period. These new disaggregated services will include mandated access to high-speed services provided over fibre-access facilities, including the fibre-access facilities of the large incumbent telephone companies. On August 15, 2019, the CRTC introduced a flat rate for wholesale Internet access independent of access speed and also ordered that new access and capacity rates be applied retroactively to March 31, 2016. Those new proposed rates are substantially lower than interim rates and could represent a reduction in earnings of approximately \$30.0 million (before income taxes) for the year 2020 and a retrospective reduction of approximately \$52.0 million (before income taxes) from March 31, 2016, to December 31, 2019. A coalition of cable companies (including Videotron) has filed an application with the CRTC to review and vary its rating decision. The implementation of the new rates has been suspended while this application is considered. If the CRTC’s decision is ultimately upheld in its current form, it will significantly reduce Videotron’s wholesale Internet service revenues. In addition, it will significantly change the competitive landscape and will allow Internet resellers to adopt more aggressive pricing strategies in the retail market. This could lead to a loss of subscribers, affect our ability to recover our costs of providing these services, reduce our incentives to invest in our networks and have a material adverse effect on our ability to successfully compete.

ISED may not renew our mobile spectrum licenses on acceptable terms, or at all.

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

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

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

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

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

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

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

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

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

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

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

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, 2020, we had \$4.1 billion of consolidated long-term debt (long -term debt plus bank indebtedness) 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, 2020, we had approximately \$1.5 billion available for additional borrowings under our existing credit facilities on a consolidated basis, and the indentures governing our outstanding Senior Notes would permit us to incur substantial additional indebtedness in the future. If we or our subsidiaries incur additional debt, the risks we now face as a result of our leverage could intensify. For more information regarding our long-term debt and its maturities, refer to Note 15 to our audited consolidated financial statements for the year ended December 31, 2020, included under "Item 18. Financial Statements" of this annual report. See also the risk factor "— Restrictive covenants in our outstanding debt instruments may reduce our operating and financial flexibility, which may prevent us from capitalizing on certain business opportunities."

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

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

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

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

There is no public market for our Senior Notes.

There is currently no established trading market for our issued and outstanding Senior Notes and we do not intend to apply for listing of any of our Senior Notes on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. No assurance can be given as to the prices or liquidity of, or trading markets for, any series of our Senior Notes. The liquidity of any market for our Senior Notes will depend upon the number of holders of our Senior Notes, the interest of securities dealers in making a market in our Senior Notes, applicable regulations, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, our financial condition and performance and our prospects. The absence of an active market for our Senior Notes could adversely affect their market price and liquidity.

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

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

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

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

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

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

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

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

Although we have registered certain series of our Senior Notes under the Securities Act, we did not, and we do not intend to, qualify our Senior Notes by prospectus in Canada or other jurisdictions outside the United-States, and, accordingly, the Senior Notes remain subject to restrictions on resale and transfer in Canada and other jurisdictions outside the United-States. In addition, non-U.S. holders remain subject to restrictions imposed by the jurisdiction in which the holder is resident.

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

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

Although our Senior Notes are referred to as “senior notes,” they are effectively subordinated to our secured indebtedness and structurally subordinated to the liabilities of our subsidiaries that do not guarantee the Senior Notes.

Our Senior Notes are unsecured and, therefore, are effectively subordinated to any secured indebtedness that we may incur to the extent of the assets securing such indebtedness. In the event of a bankruptcy or similar proceeding involving us, the assets that serve as collateral for any secured indebtedness will be available to satisfy the obligations under the secured indebtedness before any payments are made on the Senior Notes. The Senior Notes are effectively subordinated to any borrowings under our secured credit facilities to the extent of the value of the assets securing such secured credit facilities and structurally subordinated to the liabilities of our existing and future subsidiaries that do not guarantee the Senior Notes. In addition, our credit facilities and the respective indentures governing our Senior Notes permit us to incur additional secured indebtedness in the future, which could be significant.

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

Our legal and commercial name is Videotron Ltd. We were founded on September 1, 1989 and are governed by 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 Canadian-dollar denominated Senior Notes due 2025, 2026, 2030 and 2031) is CT Corporation System, 28 Liberty Street, New York, New York 10005.

Since December 31, 2017, we have undertaken and/or completed several business acquisitions, combinations, divestitures and business development projects and financing transactions, including, among others, the following:

- On March 22, 2021, Videotron and the Government of Québec signed agreements to support the achievement of the government’s targets for the roll-out of high-speed Internet services in remote regions. Under these agreements, Videotron will extend its high-speed Internet network to connect approximately 37,000 additional households and the government has committed to provide financial assistance in the amount of approximately \$258 million, which will be fully invested in Videotron’s network extension.
- On January 22, 2021, following the close of the period covered by this annual report, we issued \$650.0 million aggregate principal amount of 3½% Senior Notes maturing on January 15, 2031, for net proceeds of \$644.1 million, net of financing fees of approximately \$5.9 million. We intend to use the proceeds for general corporate purposes, including, without limitation, for the repayment of a portion of our outstanding indebtedness.

- On December 15, 2020, we announced the launch of our 5G network, with service to be phased in first in the City of Montréal and then rolled out in other parts of Québec. This state-of-the-art technology offers customers faster upload and download speeds and supports the introduction of new applications.
- From March 13, 2020, through June 30, 2020, and from December 20, 2020 through January 3, 2021, we suspended data caps on all of our customers' residential and business Internet plans to support the implementation of effective teleworking arrangements at Québec businesses and enable customers to stay connected with loved ones during the COVID-19 pandemic. From March 13, 2020, to June 30, 2020, we also cancelled roaming charges outside Canada and the Daily Traveller Pass fee.
- On December 13, 2019, we announced that Samsung Electronics Co. Ltd. ("**Samsung**") had been chosen as a partner for the roll-out of LTE-A and 5G radio access technology in Québec and in the Ottawa area.
- On October 8, 2019, we issued \$800.0 million aggregate principal amount of 4.50% Senior Notes maturing on January 15, 2030, for net proceeds of \$790.7 million, net of financing fees of \$9.3 million. We used the proceeds mainly to pay down a portion of the amount due under our secured credit facility.
- On August 27, 2019, we launched Helix, the new technology platform that is revolutionizing entertainment and home management with voice remote, ultra-intelligent Wi-Fi, and support for home automation, all tailored to customer needs and preferences.
- On April 10, 2019, we purchased ten blocks of low-frequency spectrum in the 600 MHz band during ISED's commercial mobile spectrum auction. The licenses, which cover Eastern, Southern and Northern Québec as well as the Outaouais and Eastern Ontario areas, were acquired for \$255.8 million.
- On January 22, 2019, we sold to Quebecor Media our 4Degrees Colocation Inc. data centre operations, which were ultimately sold to a third party on January 24, 2019, for an amount of \$261.6 million fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by the Corporation. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of \$115.7 million was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. In the year ended December 31, 2020, a net gain of \$34.8 million (without any tax consequence) was recorded as certain adjusting closing conditions were achieved. The results of operations and cash flows of this business were reclassified as discontinued operations in the consolidated statements of income and cash flows. These discontinued operations were transferred to Quebecor Media in exchange of a promissory note receivable for an amount of \$260.7 million from which \$100.7 million was reimbursed subsequently.
- On January 7, 2019, we announced certain senior management changes whereby Jean-François Pruneau, formerly Senior Vice President and Chief Financial Officer of Quebecor Media, was appointed President and Chief Executive officer of Videotron, in replacement of Manon Brouillette who stepped down for personal reasons.
- On November 26, 2018, we increased our secured revolving credit facility from \$965.0 million to \$1.5 billion and extended its maturity to July 2023. Some of the terms and conditions related to this credit facility were also amended.
- On September 13, 2018, we launched Fizz, a dynamic and competitive new mobile and Internet brand that delivers mobile telephony and Internet service featuring advantageous pricing, a fully digital experience and user autonomy.

B- Business Overview

Overview

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

Competitive Strengths

Leading Market Positions

We are a leading cable operator in Canada and the largest in the Province of Québec, in each case based on the number of wireline RGUs. 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 Internet access service, we estimate that we have become the largest provider of such service in the geographic areas we serve. In the mobile telephony segment, we estimate that our Videotron brand currently holds the second largest market share in the geographic areas we serve and the largest market share in terms of gross subscriber additions in 2020. Our extensive proprietary and third-party retail distribution network of stores and points of sale, including our Videotron-branded stores and kiosks, as well as our Videotron authorized dealers, assist us in marketing and distributing our advanced telecommunications services, such as Internet access, television and mobile telephony, on a large-scale basis. We are also a leading provider of telecommunications services to the small-medium business (“SMB”) market of enterprises consisting of 1-100 employees in the Province of Québec.

Differentiated Bundled Services and New Products

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

On September 13, 2018, we launched Fizz, a mobile and Internet brand that delivers mobile and Internet services featuring advantageous pricing, as well as a fully digital experience focused on simplicity, autonomy and sharing, thus enhancing traditional mobile and Internet services. It has been developed to respond to the technological needs and behaviours of Generation Z and millennials and to expand our market share in this market segment.

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

Advanced Broadband Network

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

Focused and Highly Reliable Network Cluster

Our single hybrid fibre coaxial clustered network covers approximately 80% of the Province of Québec's total addressable market and nine of the province's top ten urban areas. We believe that our single cluster network architecture provides many benefits, including a higher quality and more reliable network, the ability to launch and deploy new products and services such as Helix, Club illico and Fizz, 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 Internet access service, our subscription-based OTT entertainment service and our mobile telephony services, including through the successful build-out and launch of our mobile telephony network and upgrade to LTE-A and 5G technologies.

Products and Services

We currently offer to our customers wireline services, mobile telephony services, OTT video services and business telecommunications services.

Wireline Services

Our coaxial and fibre-optic network large bandwidth is a key factor in the successful delivery of advanced products and services. Several emerging technologies and increasing Internet usage by our customers have presented us with significant opportunities to expand our sources of revenue. We currently offer a variety of advanced products and services, including Internet access, digital multiplatform television, wireline telephony and selected interactive services.

- *Helix Services.* Our IPTV service, Helix, is based on the Comcast Xfinity X1 platform and is built around voice-controlled assistant technology. Helix offers a smarter and more powerful Wi-Fi coverage, an enhanced TV experience through IP technology, seamless integration of Web content platforms and home automation features. We have also launched two mobile apps for our Helix customers: (i) the Helix Fi app, which lets customers control their home Wi-Fi network, set time restrictions for children's Internet use, quickly and easily disconnect a device from the network and control household smart devices; and (ii) the Helix app, which lets users control their cloud DVR remotely, watch live TV as well as a large quantity of on demand content anytime, anywhere.
- *Internet Access.* Leveraging our advanced cable infrastructure, we offer Internet access to our customers primarily via cable modems. We provide this service at download speeds of up to 400 Mbps to more than 96% of our homes passed. As of December 31, 2020, we had 1,796,800 Internet access customers, representing 60.0% 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 49.0% as of December 31, 2020.
- *Television.* We currently have installed headend equipment connected to a unified fibre-optic and coax network capable of delivering digitally encoded transmissions to a two-way digital gateway in the customer's home and premises. In accordance with CRTC regulations, we offer a basic package including basic television channels, access to VOD and an interactive programming guide. Furthermore, most of our custom packages include the basic package and audio channels providing digital-quality music. We were the first to extend our digital television offering allowing customers to customize their choices with the ability to choose between custom or pre-assembled packages with a selection of 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, 2020, we had 1,475,600 customers for our digital television service, representing 49.3% of our total homes passed.

- *Video-On-Demand.* VOD service enables our customers to rent content from a library of movies, documentaries and other programming through their digital gateway, computer, tablet or mobile phone. Our customers are able to rent their VOD selections for a period of up to 48 hours, which they are then able to watch at their convenience with full stop, rewind, fast forward, pause and replay functionality during their rental period. In addition, customers can resume viewing on-demand programming that was paused on either the television or mobile app offered on the iOS and Android platforms. These applications feature a customizable, intuitive interface that brings up selections of content based on the customer's individual settings and enhances the experience by suggesting personalized themed content. These applications smartly and swiftly highlight any content available from the illico and Helix catalog as well as third party catalogs such as Netflix, and YouTube (provided customers have a subscription with such service), including VOD titles, live television broadcasts or recorded shows, and allow customers to transfer it directly and seamlessly from their mobile devices to their television.
- *Pay-Per-View and pay television channels.* Pay-Per-View is a group of channels that allows our digital customers to order live events, such as sports events, and comedy shows based on a pre-determined schedule. In addition, we offer pay television channels on a subscription basis that allow our customers to access and watch most of the movies available on the linear pay TV channels these customers subscribe to.
- *Wireline Telephony.* We offer wireline telephony service to our residential customers using VoIP technology. As of December 31, 2020, we had 924,700 subscribers to our wireline telephony service, representing a penetration rate of 30.9% of our homes passed.

Club illico

Our subscription-based OTT entertainment service, Club illico, offers a rich and varied selection of unlimited, on-demand French-language content (movies, television shows, children's shows, teen series, documentaries, comedy performances and concerts). In its efforts to offer original content to its customers, Club illico funds the production of series, documentaries, movies and shows for which it holds first window rights, prior to their linear broadcast. Club illico boasts over 592 million viewings since its launch in 2013, making it a key player in the Québec on-demand video entertainment landscape. On November 15, 2017, Videotron launched the Club illico mobile application. As of December 31, 2020, 199,600 customers had downloaded this application.

On December 31, 2020, the Club illico service had 469,700 subscribers.

Mobile Services

We are a key player in the Province of Québec in delivering a range of innovative wireless network technologies and services. Our wireless services are offered under the Videotron and Fizz brands and provide consumers and businesses with the latest wireless devices, services, and applications including: mobile high-speed Internet access; wireless voice and enhanced voice features; device protection; in-store expert advice; text messaging; e-mail; global voice and data roaming; and advanced wireless solutions for businesses.

In 2013, we signed a 20-year agreement with Rogers Communications Inc. ("**Rogers**") for the cooperation and collaboration in the build-out and operation of a shared LTE wireless network in the Province of Québec and the Ottawa region (the "**Rogers LTE Agreement**"). In September 2014, we launched our shared LTE wireless network, with Rogers. We maintain our business independence throughout this agreement, including our product and service portfolios, billing systems and customer data.

We have a total of 130 MHz of mobile spectrum in most regions of Québec and 90 MHz in the Ottawa area, spread across the AWS-1, AWS-3, 600 MHz, 700 MHz and 2500 MHz bands. During 2020, both LTE-A and 5G technologies were deployed in selected areas and will continue to be deployed for the next few years.

As of December 31, 2020, most households and businesses on our cable footprint had access to our advanced mobile services. As of December 31, 2020, there were 1,481,100 lines activated on our wireless network, representing a year-over-year increase of 150,600 lines (11.3%).

Business Telecommunications Services

Videotron Business is a premier full-service telecommunications provider servicing small, medium and large sized businesses, as well as telecommunications carriers. In recent years, we have significantly grown our customer base and have become a leader in the Province of Québec's business telecommunications segment. Products and services include mobile telephony, Internet access, telephony and television solutions, as well as fibre connectivity, private network connectivity, Wi-Fi, managed services and security solutions. The depth of our service offering enables Videotron Business to meet the growing demand from business customers.

We serve customers through a dedicated salesforce and customer service teams with solid expertise in the business market. Videotron Business relies on its extensive coaxial, fibre-optic and LTE -A and 5G wireless networks to provide the best possible customized solutions to all of its customers.

Customer Statistics Summary

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

	As of December 31,				
	2020	2019	2018	2017	2016
	(in thousands of customers)				
Revenue-generating units (RGUs)	6,147.9	6,076.2	5,990.3	5,881.1	5,765.4
<i>Mobile Telephony</i>					
Mobile telephony lines	1,481.1	1,330.5	1,153.8	1,024.0	893.9
<i>Internet</i>					
Internet customers	1,796.8	1,727.3	1,704.5	1,666.5	1,612.8
Penetration ⁽¹⁾	60.0%	58.6%	58.6%	58.0%	56.8%
<i>Television</i>					
Basic customers ⁽²⁾	1,475.6	1,531.8	1,597.3	1,640.5	1,690.9
Penetration ⁽¹⁾	49.3%	51.9%	54.9%	57.1%	59.6%
Digital customers ⁽³⁾	1,475.6	1,531.8	1,597.3	1,640.5	1,587.1
Penetration ⁽⁴⁾	100%	100%	100%	100%	93.9%
<i>Wireline Telephony</i>					
Wireline telephony lines	924.7	1,027.3	1,113.9	1,188.5	1,253.1
Penetration ⁽¹⁾	30.9%	34.8%	38.3%	41.4%	44.1%
<i>Club illico</i>					
Over-the-top video customers	469.7	459.3	420.8	361.6	314.7
<i>Homes passed</i> ⁽⁵⁾	2,994.7	2,950.1	2,907.9	2,873.7	2,839.3

(1) Represents customers (or telephony lines) as a percentage of total homes passed.

(2) Basic customers are customers who receive basic television service in either the analog or digital mode and IPTV services.

(3) At the end of 2017, substantially all subscribers to the analog television service had migrated to digital service.

(4) Represents customers for the digital service as a percentage of basic customers.

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

Pricing of our Products and Services

Our revenues are mainly derived from the monthly fees our customers pay for television services, Internet access and mobile and wireline telephony services, as well as Club illico. The rates we charge vary based on the market served and the level of service selected. Rates are adjusted regularly. 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, 2020, the average monthly invoice on recurring subscription fees per residential customer was \$118.77 (representing a 1.9% year-over-year increase) and approximately 67% of our customers were bundling two services or more. A one-time installation fee, which may be waived in part during certain promotional periods, is charged to new customers. Monthly instalment payments for equipment, such as gateways or Wi-Fi routers, can be charged depending on the promotional offer.

Our Network Technology

Cable Services

As of December 31, 2020, our cable network consisted of fibre-optic cable and coaxial cable, covering approximately 3.0 million homes and serving approximately 2.4 million customers in the Province of Québec. Our network is the largest broadband network in the Province of Québec covering approximately 80% of premises. Our extensive network supports direct connectivity with networks in Ontario, the Maritimes and the United States.

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

We have adopted the hybrid fibre coaxial (“HFC”) network architecture as the standard for our network. HFC network architecture combines the use of both fibre-optic and coaxial cables. Fibre-optic cable has good broadband frequency characteristics, noise immunity and physical durability and can carry hundreds of video and data channels over extended distances. Coaxial cable requires greater signal amplification in order to obtain the desired transmission levels for delivering channels. In most systems, we deliver our signals via fibre-optic cable from the headend to a group of optical nodes and then via coax to the homes passed served by the nodes. We build our network by implementing cells of 125 homes. As a result of the modernization of our network, our network design now provides for average cells of 159 homes throughout our footprint. To allow for this configuration, over the years, secondary headends were put into operation in the Greater Montréal Area, in the Greater Québec City Area and in the Greater Gatineau City Area. Remote secondary headends must also be connected with fibre-optic links. From the secondary headends to the homes, the customer services are provided through the transmission of a radiofrequency (“RF”) signal which contains both downstream and upstream information (two-way). The loop structure of the two-way HFC networks brings reliability through redundancy, the cell size improves flexibility and capacity, while the reduced number of amplifiers separating the home from the headend improves signal quality and reliability. The HFC network design provided us with significant flexibility to offer customized programming to individual cells.

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

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

Our strategy of maintaining a leadership position in respect of the suite of products and services that we offer and launching new products and services requires investments in our network to support growth in our customer base and increases in bandwidth requirements. 87% of our network in the Province of Québec has been upgraded to a bandwidth of 1002 MHz, the remaining of our network being at 750 MHz. Also, in light of the greater availability of HD and UHD television programming and the ever increasing speed of Internet access, further investments in our network will be required.

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

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

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

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

Mobile Services

As of December 31, 2020, our shared LTE network reached 94% of the population of the Province of Québec and the Greater Ottawa Area, allowing the vast majority of our potential clients to have access to the latest mobile services. Almost all of our towers and transmission equipment are linked through our fibre-optic network using a multiple label switching – or MPLS – protocol. We plan to continue developing and enhancing our mobile technological offering by densifying network coverage and increasing download speeds. Our network is designed to support important customer growth in coming years as well as rapidly evolving mobile technologies. On October 20, 2017, we introduced the Voice over LTE (VoLTE) feature, a new generation of mobile voice services providing eligible users with improved indoor coverage and faster call routing and, on calls between our customers, enabling users to experience HD sound quality on the LTE network.

Our strategy in the coming years is to build on our position as a telecommunication leader with our mobile services and to keep the technology at the cutting edge as it continues to evolve rapidly and new market standards such as LTE-A and heterogeneous networks are being deployed.

On December 13, 2019, following an exhaustive request for proposal process, we selected Samsung as our LTE-A and 5G network equipment provider. During 2020, both LTE-A and 5G technologies were deployed in selected areas and will continue to be deployed for the next few years

In parallel, we maintained our High Speed Packet Access + (“HSPA+”) network throughout the Province of Québec and over the Greater Ottawa Area. Our HSPA+ customers continue to migrate to next generation networks.

Marketing and Customer Care

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

- develop attractive bundle offers to encourage our customers to subscribe to two or more products, which increases average billing per unit – or ABPU – customer retention and operating margins;
- continue to rapidly deploy advanced products on all our services – mobile and wireline telephony, Internet access, television and Club illico – to maintain and increase our leadership and consequently, to gain additional market share;
- design product offers that provide greater opportunities for customer entertainment and information;
- deploy strong retention strategies aiming to maintain our existing customer base and to maintain our ABPU;
- develop targeted marketing programs to attract former customers and households that have never subscribed to certain of our services and customers of alternative or competitive services as well as target specific market segments;
- enhance the relationship between customer service representatives and our customers by training and motivating customer service representatives to promote advanced products and services;
- leverage the retail presence of our Videotron-branded stores and kiosks, third-party commercial retailers, and authorized distributors;
- maintain and promote our leadership in content and entertainment by leveraging the wide variety of services offered within the Quebecor Media group to our existing and future customers;
- introduce new value added packages of products and services, which we believe will increase ABPU and improve customer retention;
- leverage our business market, using our network and expertise with our commercial customer base, to offer additional bundled services to our customers; and
- develop new products, services and digital platforms to respond to the technological needs and continuously evolving consumer behaviours.

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

Maximizing customer satisfaction is a key element of our business strategy. In support of our commitment to customer satisfaction, we continue to provide a 24-hour customer service hotline seven days a week, in addition to our web-based customer service capabilities. All of our customer service representatives and technical support staff are trained to assist customers with all of our products and services, which in turn allows our customers to be served more efficiently and seamlessly. Our customer care representatives continue to receive extensive training to perfect their product knowledge and skills, which contributes to retention of customers and higher levels of customer service. We utilize surveys, focus groups and other research tools to assist us in our marketing efforts and anticipate customer needs. To increase customer loyalty, we also leverage strategic partnerships to offer exclusive promotions, privileges and contests which contribute in expanding our value proposition to our customers.

Programming

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

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

Competition

We operate in a competitive business environment in the areas of price, product and service offerings and service reliability. We compete with other providers of television signals and other sources of home entertainment. Due to ongoing technological developments, the distinctions among traditional platforms (broadcasting, Internet, and telecommunications) are fading rapidly. The Internet as well as mobile devices are becoming important broadcasting and distribution platforms. In addition, mobile operators are now offering wireless and fixed wireless Internet services and our VoIP telephony service is also competing with Internet-based solutions.

- *Providers of Other Entertainment.* Television service providers face competition from alternative methods of distributing and receiving television signals and from other sources of entertainment such as live sporting events, movie theatres and home video products, including digital recorders, OTT content providers, such as Netflix, Amazon Prime Video, Disney+ and Apple TV+, Blu-ray players and video games. The extent to which a television service is competitive depends in significant part upon the television service provider's ability to provide a greater variety of programming, superior technical performance and superior customer service that are available through competitive alternative delivery sources. Club illico, our subscription-based OTT platform offering a rich and varied selection of unlimited on-demand content, allows us to reduce the effect of competition from alternative delivery sources, as well as to reduce churn, and is a market differentiating factor for customers seeking additional content and home entertainment.
- *DSL.* DSL technology provides customers with Internet access at data transmission speeds greater than that available over conventional telephone lines. DSL service provides access speeds that are comparable to low-to-medium speeds of cable-modem Internet access but that decrease with the distance between the DSL modem and the line card.
- *FTTN and FTTH.* Fibre to the neighborhood ("FTTN") technology addresses the distance limitation by bringing the fibre closer to the end user. The last mile is typically provided by the DSL technology. FTTH brings the fibre up to the end user location. The speed is then limited by the end equipment rather than the medium (fibre) itself.

- *Internet Video Streaming.* The continuous technology improvement of the Internet, combined with higher download speeds and its affordability, favors the development and deployment of alternative technologies such as digital content offered by OTT service providers through various Internet streaming platforms. While having a positive impact on the demand for our Internet access services, this model could adversely impact the demand for our television services.
- *VDSL.* VDSL technology increases the available capacity of DSL lines, thereby allowing the distribution of digital video. Multi-system operators are now facing competition from ILECs, which have been granted licenses to launch video distribution services using this technology, which operates over copper phone lines. The transmission capabilities of VDSL are significantly boosted with the deployment of technologies such as vectoring (the reduction or elimination of the effects of far-end crosstalk) and twisted pair bonding (use of additional twisted pairs to increase data carriage capacity). ILECs have already replaced many of their main feeds with fibre-optic cable and are positioning VDSL transceivers, a VDSL gateway, in larger multiple-dwelling units, in order to overcome the initial distance limitations of VDSL. With this added capacity, along with the evolution of compression technology, VDSL-2 offers significant opportunities for services and increase its competitive threat against other multi-system operators.
- *Direct Broadcast Satellite.* DBS is also a competitor to our television services. 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 services and is fully digital. DBS service can be received virtually anywhere in Canada through the installation of a small rooftop or side-mounted antenna. Like digital cable distribution, DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their customers.
- *Mobile Telephony Services.* With our mobile network, we compete against a mix of participants, some of them being active in some or all the products we offer, while others only offer mobile services in our market. The Canadian incumbents have deployed their LTE networks and this technology has become an industry standard. These incumbents are currently upgrading their networks and have launched 5G mobile services in certain geographic areas.
- *Private Cable.* Additional competition is posed by satellite master antenna television systems known as “SMATV systems” serving multi dwelling units, such as condominiums, apartment complexes, and private residential communities.
- *Wireless Distribution.* Cable television systems also compete with wireless program distribution services such as MMDS. This technology uses microwave links to transmit signals from multiple transmission sites to line-of-sight antennas located within the customer’s premises.
- *Grey and Black Market Providers.* Providers 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 television 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 wireline telephony service competes against ILECs and other telephony service providers, VoIP telephony service providers and mobile telephony service providers.
- *Third Party Internet Service Providers.* In the Internet access business, cable operators compete against third party ISPs offering residential and commercial Internet access, as well as VoIP and video distribution services. The CRTC requires the large Canadian incumbent cable operators to offer access to their high-speed Internet network to competitive Internet service providers at mandated rates.
- *Business Telecommunications Services.* In the Business segment we compete against ILECs, resellers, OTT solution providers (mostly in VoIP solutions), managed service providers and IT solution providers.

C- Regulation

Ownership and Control of Canadian Broadcast Undertakings

The Canadian Government has directed the CRTC not to issue, amend or renew a broadcasting license to an applicant that is a non-Canadian. Canadian, a defined term in the Direction to the CRTC (Ineligibility of Non-Canadians) (the “**Direction to CRTC**”), means, among other things, a citizen or a permanent resident of Canada or a qualified corporation. A qualified corporation is one incorporated or continued in Canada, of which the chief executive officer and not less than 80% of the directors are Canadian, and not less than 80% of the issued and outstanding voting shares and not less than 80% of the votes are beneficially owned and controlled, directly or indirectly, by Canadians. In addition to the above requirements, Canadians must beneficially own and control, directly or indirectly, not less than 66.6% of the issued and outstanding voting shares and not less than 66.6% of the votes of the parent corporation that controls the subsidiary, and neither the parent corporation nor its directors may exercise control or influence over any programming decisions of the subsidiary if Canadians beneficially own and control less than 80% of the issued and outstanding shares and votes of the parent corporation, if the chief executive officer of the parent corporation is a non-Canadian or if less than 80% of the parent corporation’s directors are Canadian. There are no specific restrictions on the number of non-voting shares which may be owned by non-Canadians. Finally, an applicant seeking to acquire, amend or renew a broadcasting license must not otherwise be controlled in fact by non-Canadians, a question of fact which may be determined by the CRTC in its discretion. Control is defined broadly to mean control in any manner that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, agreement or arrangement, the ownership of a corporation or otherwise. 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 a change in effective control of the licensee of a broadcasting distribution undertaking (“**BDUs**”) or a television programming undertaking (such as a conventional television station, network or pay or specialty undertaking service), or the acquisition of a voting interest above certain specified thresholds.

Diversity of Voices

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

Jurisdiction Over Canadian Broadcast Undertakings

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 ISSED to establish and administer the technical standards that networks and transmitters must comply with, namely, maintaining the technical quality of signals.

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

Broadcasting and Telecommunications Legislative Review

The Canadian Government has asked the Broadcasting and Telecommunications Legislative Review Panel to present recommendations on legislative changes that may be needed to maximize the benefits the digital age brings to citizens, creators, cultural stakeholders, the communications industry and the Canadian economy. On January 29, 2020, the Review Panel released its final report. Given the non-binding nature of the recommendations made by the Review Panel in its final report, we have no visibility as to which recommendations, if any, will be implemented. Following the release of the Review Panel final report, the Government of Canada has put forward Bill C-10, *an Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*, which is mainly designed to regulate online broadcasting services.

Broadcasting License Fees

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

Canadian Broadcasting Distribution (Television)

Licensing of Canadian Broadcasting Distribution Undertakings

A cable distribution undertaking, such as ours, 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 59 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. We remain with only 8 cable distribution licenses that were renewed on August 2, 2018, in Broadcasting Decision CRTC 2018-269, from September 1, 2018 to August 31, 2024.

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

Distribution of Canadian Content

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

Broadcasting Distribution Regulations

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

- *Competition and Carriage Rules.* The Broadcasting Distribution Regulations provide equitable opportunities for all distributors of broadcasting services and prohibit a distributor from giving an undue preference to any person, including itself, or subjecting any person to an undue disadvantage. This gives the CRTC the ability to address complaints of anti-competitive behaviour on the part of certain distributors. Signal carriage and substitution requirements are imposed on all cable television systems.
- *Contribution to local expression, Canadian programming and community television.* All distributors, except systems with fewer than 2,000 customers, are required to contribute at least 5% of their gross annual broadcast revenues to the creation and presentation of Canadian programming including community programming.
- *Inside Wiring Rules.* The CRTC determined that the inside wiring portion of cable networks creates a bottleneck facility that could affect competition if open access is not provided to other distributors. Incumbent cable companies may retain the ownership of the inside wiring but must allow usage by competitive undertakings to which the cable company may charge a just and reasonable fee for the use of the inside wire. Moreover, the CRTC found that it was appropriate to amend the Broadcasting Distribution Regulations to permit access by subscribers and competing BDUs to inside wire in commercial and institutional properties. Therefore, the CRTC directed all licensees to negotiate appropriate terms and conditions, including a just and reasonable rate, for the use by competitors of the inside wire such licensees own in commercial and institutional properties.

Rates

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

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

Vertical Integration

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

Hybrid VOD License

In Broadcasting Regulatory Policy CRTC 2015-86 issued on March 12, 2015, the CRTC considered appropriate to authorize a third category of VOD services based on a hybrid regulatory approach. In Broadcasting Order CRTC 2015-356, the CRTC has authorized these hybrid services to operate with the same flexibility as those services operating under the Digital Media Exemption Order (DMEO), provided that the service is delivered and accessed over the Internet without authentication to a BDU or mobile subscription. Club illico qualifies as a hybrid VOD service.

The hybrid VOD services benefit from the following incentives:

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

New Media Broadcasting Undertakings

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

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

- A “no head start” rule, where the CRTC expects that digital media broadcasting undertakings that intend to provide exclusive access to television programming in a manner that restricts access based on a consumer’s specific mobile or retail Internet access service will provide other digital media broadcasting undertakings with appropriate notice in order to allow these undertakings to exercise their options;
- A provision to preclude undertakings operating under that exemption order from providing exclusive access to programming designed primarily for conventional television, specialty, pay or VOD services in situations where such access to the programming was restricted on the basis of a consumer’s specific mobile or retail Internet access service;
- A standstill rule whereby an undertaking that was in a dispute with another undertaking concerning the terms of carriage of programming or any right or obligation under the Broadcasting Act would be required to continue providing or distributing the service that was subject to the dispute on the same terms and conditions that prevailed before the dispute; and
- A dispute resolution mechanism.

Copyrights Royalties Payment Obligations

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

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

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

ISP Liability

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

Canadian 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 Competitive Local Exchange Carrier (“CLEC”) and a Broadcast Carrier. We also operate our own 4G, LTE-A and 5G mobile wireless networks and offer services over these networks as a Wireless Service Provider (“WSP”).

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

Spectrum Holdings and License Conditions

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

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

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

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

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

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

On August 27, 2020, ISED initiated a consultation on the technical and policy framework for the 3800 MHz band. A decision on this framework is expected in due course, to be followed by a further consultation on the licensing framework for the band, culminating in a spectrum auction in 2023. In addition, ISED has announced its intention to conduct an auction of high frequency millimetre wave spectrum. However, a public consultation on the technical, policy and licensing framework for this spectrum, has not yet been initiated. The 3800 MHz and the millimetre bands are also viewed as well-suited for the deployment of 5G wireless services.

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; and the obligation not to prevent other local exchange carriers from accessing end-users on a timely basis under reasonable terms and conditions in multi dwelling units where we provide service.

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.

In a decision issued on December 21, 2016, the CRTC established a new universal service objective under which all Canadians, in urban areas as well as rural and remote areas, are to have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks. To help achieve this universal service objective, the CRTC is shifting the focus of its regulatory frameworks from voice services to broadband Internet access services. Most notably, in a decision issued on June 26, 2018, the CRTC confirmed that it will phase out over a period of three years ending December 31, 2021 the existing revenue-based contribution regime that subsidizes local telephone service and replace it with a new regime that will subsidize broadband Internet access services in underserved areas. The new regime began on January 1, 2020, with an expansion of the contribution base to include retail Internet revenues for the first time. A total of \$100 million is being collected for broadband Internet projects in 2020, increasing gradually to \$200 million in 2024. Distribution of the collected funds to eligible broadband Internet projects is occurring through a series of calls for applications. Announcements of winning applications began in 2020 and are expected to continue on a periodic basis. A second, larger group of winning applications is expected to be announced in early 2021. As a result of these changes, Videotron is incurring increased revenue-based contribution payments beginning in 2020. Videotron has also submitted several applications for subsidies to help finance broadband Internet expansion projects in underserved areas.

In parallel with the CRTC's initiative, the federal government has also announced a series of initiatives intended to subsidize or otherwise facilitate the provision of broadband Internet access services in underserved areas. Most notable is the creation of a \$1.75 billion Universal Broadband Fund ("UBF"). Videotron has made several applications for funding under the UBF. The Government of Québec also subsidizes the provision of broadband Internet access services in underserved areas through the *Régions branchées* program. On May 25, 2020, the Government of Québec announced that Videotron would be a recipient of funding under this program. On March 22, 2021, Videotron and the Government of Québec signed agreements to support the achievement of the government's targets for the roll-out of high-speed Internet services in remote regions. Under these agreements, Videotron will extend its high-speed Internet network to connect approximately 37,000 additional households and the government has committed to provide financial assistance in the amount of approximately \$258 million, which will be fully invested in Videotron's network extension.

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 structures 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. Difficulties have nevertheless been encountered in securing timely, efficient and cost-effective access to the support structures of Bell. As a result, on June 16, 2020, we filed an application with the CRTC requesting it to take action to eliminate Bell's anticompetitive practices. Also, on October 30, 2020, in response to concerns raised by numerous parties including Videotron, the CRTC initiated its own broader consultation regarding potential regulatory measures to make access to poles by Canadian carriers more efficient. Decisions on our application and the broader consultation are expected in due course.

In addition, on May 12, 2020, Rogers and us filed a joint application with the CRTC requesting it to direct Bell to process and grant permit applications for small cell attachments to Bell poles. Access to poles for small cell attachments is important for the deployment of 5G wireless services. A decision on this joint application is expected in due course.

Right to Access to Municipal Rights-of-Way

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

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

Right to access to in-building wire in multi-dwelling units ("MDUs")

On June 30, 2003, the CRTC published a decision in which it set out the "MDU access condition", which states that the provision of telecommunications service by a Local Exchange Carrier ("LEC") in an MDU is subject to the condition that all LECs wishing to serve end-users in that MDU are able to access those end-users on a timely basis, by means of resale, leased facilities, or their own facilities, at their choice, under reasonable terms and conditions.

On June 21, 2019, the CRTC published a decision in which it expressed the preliminary views that (i) the MDU access condition and associated obligations should be extended to all carrier ISPs, and potentially to all telecommunications service providers (“TSPs”), and (ii) all carrier ISPs, and potentially all TSPs, should have access to LECs’ and other TSPs’ in-building wire in MDUs on the same basis as registered CLECs and regardless of technology.

On December 16, 2019, the CRTC initiated a proceeding to (i) request comments on the preliminary views it expressed in its June 21, 2019 decision, (ii) consider how access to in-building wire in MDUs should be expanded, and (iii) consider appropriate rates, terms, and conditions. In this proceeding, we have argued against the unnecessary duplication of fibre in-building wire, arguing instead that competitive carriers such as Videotron should have a right to access to fibre in-building wire installed by incumbent carriers. The rules established as a result of this proceeding could have a significant impact on the cost of deployment of next generation services to MDUs. A decision is expected in due course.

Regulatory Framework for Internet Services

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

Since 1998, the CRTC has exercised its power to place general conditions on the provision of Internet services, for example, to establish a framework governing the traffic management practices that may be employed by an Internet service provider. More recently, on July 31, 2019, the CRTC published the Internet Code, a mandatory code of conduct for large facilities-based providers of retail Internet services in the residential market. The Code, which took effect on January 31, 2020, includes measures related to such matters as contract clarity, changes to contracts and related documents, bill management and contract cancellation and extension.

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

The CRTC also requires the large cable carriers, such as us, to allow third party ISPs to provide telephony, networking and broadcast distribution services by way of our TPIA service.

In a series of decisions since 2015, the CRTC has reemphasized the importance it accords to mandated wholesale access arrangements as a driver of competition in the retail Internet access market. Most significantly, the CRTC has ordered all of the major telephone and cable companies, including us, to provide new disaggregated wholesale access services, which are to replace existing aggregated wholesale access services after a transition period. These disaggregated services involve third-party ISPs provisioning their own regional transport services. They also include mandated access to Internet services provided over fibre-access facilities, including the fibre-access facilities of the large incumbent telephone companies. Rates for these new disaggregated TPIA services have been approved on an interim basis. Approval of final rates is not expected until after the CRTC rules on the outstanding review and vary applications related to the final rates for aggregated wholesale Internet access services, as discussed below. Furthermore, on June 11, 2020, the CRTC initiated a consultation on possible revisions to the network configuration for disaggregated wholesale Internet access services, with a view toward facilitating deployment of these services. A decision on the matters raised in this consultation is expected in due course and may have an impact on the timing of the approval of final disaggregated tariff rates.

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

On August 15, 2019, the CRTC published a decision on the final aggregated wholesale Internet tariffs of the large cable carriers and telephone companies. These final tariffs are substantially below the interim tariffs published on October 6, 2016 and include, for the first time, a flat rate for wholesale Internet access independent of access speed. In addition, the CRTC ordered that these final tariffs be applied retroactively to March 31, 2016. In the case of Videotron, we estimate this could represent a reduction in earnings of approximately \$30.0 million (before income taxes) in 2020 and a retrospective reduction of approximately \$52.0 million (before income taxes) from March 31, 2016 to December 31, 2019.

On September 13, 2019, a coalition of cable companies (including Videotron) filed an appeal of the CRTC's decision with the Federal Court of Appeal arguing, among other things, that the decision is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. Bell filed a similar appeal. In a ruling dated September 10, 2020, the Federal Court of Appeal rejected these appeals. On November 12, 2020, the cable companies and Bell filed for leave to appeal the Federal Court of Appeal's ruling to the Supreme Court of Canada. This request for leave to appeal was rejected on February 25, 2021.

On November 13, 2019, a coalition of cable companies (including Videotron) filed a petition to the federal Cabinet requesting that it order the CRTC to reconsider its August 15, 2019 decision concerning final aggregated wholesale Internet tariff rates. In an Order in Council dated August 15, 2020, the Cabinet stated that an order to the CRTC to reconsider its decision would be premature, as the CRTC had since been presented with applications to review and vary the same decision.

The above-referenced applications to review and vary the CRTC's August 15, 2019 decision on final aggregated wholesale Internet tariff rates were filed by a coalition of cable companies (including Videotron), Bell and Telus on December 13, 2019. These applications expressed substantial doubt as to correctness of the rate setting methodology relied upon by the CRTC in the decision. On September 28, 2020, the CRTC approved a stay of its August 15, 2019 decision until it has completed its consideration of the review and vary applications. A decision on the review and vary applications remains outstanding.

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

Regulatory Framework for Mobile Wireless Services

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

The Wireless Code was published on June 3, 2013 and came into force on December 2, 2013. It includes, among other things, a limit on early cancellation fees to ensure customers can take advantage of competitive offers at least every two years, as well as measures requiring service providers to unlock wireless devices, to offer a trial period for wireless contracts, and to set default caps on data overage charges and data roaming charges. On June 15, 2017, the CRTC published a series of revisions to the Wireless Code. These revisions include, among other things, new rules ensuring customers will be provided with unlocked devices, giving families more control over data overages, setting minimum usage limits for the trial period and clarifying that data is a key contract term that cannot be changed during the commitment period without the customer's consent. In addition, on March 4, 2021, the CRTC published a decision affirming that device financing plans fall under the scope of the Wireless Code, given the inextricable link between such plans and wireless service plans. As a result, the Commission determined that such plans with terms longer than 24 months are not compliant with the Wireless Code.

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

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

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

On February 28, 2019, the CRTC initiated its anticipated review of mobile wireless services. The review includes an assessment of the status of competition in the retail market. Depending on the results of this assessment, the CRTC is evaluating whether any changes to its mobile wireless service regulatory framework are required, which could include, for example, establishing new retail policies and imposing conditions of service. The review also includes an assessment of whether the CRTC needs to make adjustments or improvements to its existing wholesale roaming policy. In addition, the CRTC is considering submissions on its preliminary view that it would be appropriate to mandate that the national wireless carriers provide wholesale MVNO access as an outcome of the proceeding. Finally, the CRTC is considering parties' views on whether any further regulatory measures are required to reduce barriers to the deployment of cellular infrastructure, for example regarding access to telephone utility support structures and municipal infrastructure. The decisions to be taken by the CRTC on all these matters, most notably the question of whether to mandate the provision of wholesale MVNO access, stand to have a significant impact on competitive environment for mobile wireless services and on Videotron's business case for further network investment and expansion. A public hearing on these matters was held in February 2020. We expect the CRTC to publish its decisions shortly.

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

Municipal Siting Processes for Wireless Antenna Systems

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

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

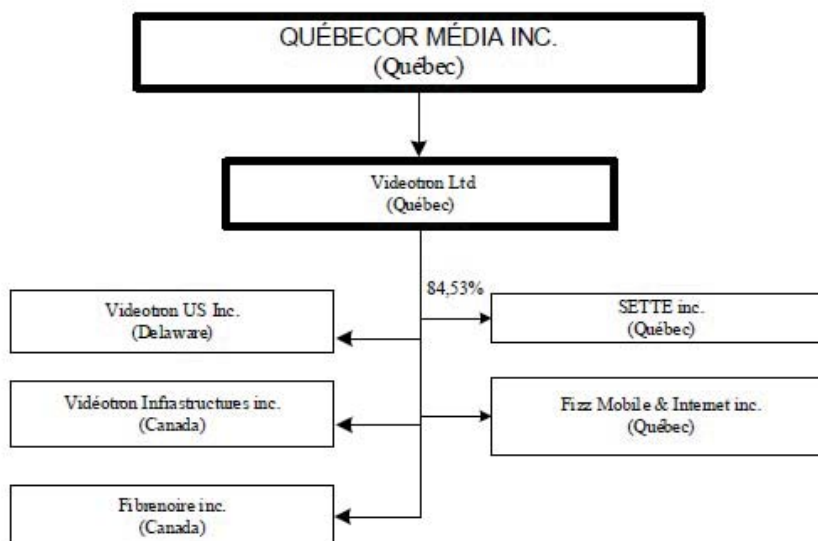
Sales Practices

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

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

D- Organizational Structure

We are a wholly-owned subsidiary of Quebecor Media. Quebecor Media is a wholly-owned subsidiary of Quebecor. The following chart illustrates our corporate structure as of March 11, 2021, including our significant subsidiaries, together with the jurisdiction of incorporation or organization of each entity. In each case, unless otherwise indicated, we own a 100% equity and voting interest in our subsidiaries.



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 or lease several buildings in Montréal and in Québec City, as indicated in the following table which presents, for each building, the address, the leased or owned status of the property, the primary use of the main facilities and the approximate square footage. In addition to the buildings indicated in the following table, we own or lease a significant number of smaller locations for signal reception sites, customer service and business offices.

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

Liens and Charges

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.

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

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.

Our past and current properties, as well as areas surrounding those properties, particularly those in areas of long-term industrial use, may have had historic uses, or may have current uses, in the case of surrounding properties, which may affect our properties and require further study or remedial measures.

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

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

ITEM 4A – UNRESOLVED STAFF COMMENTS

None.

ITEM 5 - OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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

OVERVIEW

The Corporation is a wholly owned subsidiary of Quebecor Media incorporated under the Business Corporations Act (Québec). Videotron is a leading cable operator in Canada and the largest in the Province of Québec based on the number of wireline revenue generating units (“RGU”), as well as an Internet service provider and a provider of wireline and mobile telephony and over-the-top (“OTT”) video services in the Province of Québec. The Corporation’s cable network is the largest broadband network in the Province of Québec covering approximately 80% of an estimated 3.7 million premises. The deployment of LTE-Advanced and 5G wireless networks and enhanced offering of mobile communication services for residential and business customers will allow us to further consolidate our position as a provider of integrated telecommunication services as well as an entertainment and content leader.

Videotron Business is a premier full-service telecommunications provider servicing small-, medium- and large-sized businesses, as well as telecommunications carriers and is a leader in the Province of Québec’s business telecommunication segment. Products and services include television, Internet access, telephony solutions, mobile services and business solutions products such as private network connectivity, Wi-Fi, as well as audio and video transmission.

The Corporation’s primary sources of revenue include: subscriptions to Internet access, television, mobile and wireline telephony services, telecommunication equipment sales, OTT video service and Videotron Business.

The major components of the Corporation’s costs are comprised of employee costs and purchase of goods and services costs, which include royalties and rights, cost of products sold, service contracts, marketing and distribution, and other expenses.

COVID-19 PANDEMIC

The COVID-19 pandemic is having a significant impact on the economic environment in Canada and around the world. On March 13, 2020, in order to limit the spread of the virus, the Québec government imposed a number of restrictions and special preventive measures, including the suspension of business activities deemed non-essential, across Québec. The Québec government subsequently implemented a gradual reopening plan, which was followed at the end of December 2020 by new restrictions and the suspension of some business activities due to the second wave of the pandemic. This health crisis curtailed the operations of many of Videotron's business partners and led to a significant slowdown in some of Videotron's operating activities in 2020. Among other impacts, the restrictions and preventive measures imposed by the Québec government caused a significant reduction in volume at Videotron's retail outlets and delays in client migration to our new Helix entertainment and home management platform. Despite the constraints created by this pandemic, Videotron has continued and will continue to provide essential telecommunications services during this health crisis, while safeguarding the health and safety of the public and its employees. Given the uncertainty about the evolution of the pandemic, the full impact of the health crisis over its duration cannot be determined with certainty.

The impact of the COVID-19 pandemic on the operating results of the Corporation's operating activities in 2020 is analyzed in greater detail in the "Analysis of consolidated results and cash flows" section below. It is difficult at this stage to foresee all the consequences of this crisis until the situation returns to normal. The health crisis could have a material adverse impact on the growth of the Corporation's operating results and cash flows in the short and medium terms. As a result, the growth recorded during the quarters preceding the health crisis may not be indicative of future growth.

HIGHLIGHTS

2020 financial year

Revenues: \$3.62 billion, a \$146.4 million (4.2%) increase.

Adjusted EBITDA: \$1.86 billion, a \$61.6 million (3.4%) increase.

Net income attributable to shareholders: \$728.3 million, a decrease of \$104.8 million.

Cash flows from operations: \$1.27 billion, a \$143.4 million (12.7%) increase.

Cash flows provided by continuing operating activities: \$1.45 billion, a \$136.5 million (10.4%) increase.

Fourth quarter 2020

Revenues: \$940.8 million, a \$33.6 million (3.7%) increase.

Adjusted EBITDA: \$481.7 million, a \$19.2 million (4.2%) increase.

Net income attributable to shareholders: \$183.8 million, a decrease of \$18.1 million.

Cash flows from operations: \$317.1 million, a \$68.6 million (27.6%) increase.

Cash flows provided by continuing operating activities: \$362.8 million, a \$9.5 (14.1%) decrease.

Table 1
Consolidated summary of income, cash flows and balance sheet
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Income					
Revenues					
Internet	\$ 1,131.4	\$ 1,114.3	\$ 1,079.3	292.3	282.7
Television	903.6	974.4	996.7	220.0	239.5
Mobile Telephony	658.5	600.7	534.4	170.2	157.2
Wireline Telephony	338.4	341.1	368.6	83.3	83.7
Equipment sales	408.9	269.8	233.5	128.4	99.6
Other	181.7	175.8	164.0	46.6	44.5
	<u>3,622.5</u>	<u>3,476.1</u>	<u>3,376.5</u>	<u>940.8</u>	<u>907.2</u>
Employee costs	(403.8)	(398.6)	(385.2)	(98.8)	(106.8)
Purchase of goods and services	(1,354.3)	(1,274.7)	(1,276.9)	(360.3)	(337.9)
Adjusted EBITDA:	1,864.4	1,802.8	1,714.4	481.7	462.5
Depreciation and amortization	(743.8)	(685.6)	(691.3)	(197.5)	(169.3)
Financial expenses	(208.5)	(200.0)	(189.2)	(49.0)	(51.5)
Loss on valuation and translation of financial instruments	(1.2)	(0.6)	(0.7)	(0.8)	(1.8)
Restructuring of operations and other items	(29.4)	(20.2)	(17.2)	(4.2)	(1.9)
Income taxes	(187.9)	(179.1)	(166.2)	(45.7)	(36.1)
Income from discontinued operations	34.8	115.9	3.9	(0.7)	–
Net income	<u>\$ 728.4</u>	<u>\$ 833.2</u>	<u>\$ 653.7</u>	<u>\$ 183.8</u>	<u>\$ 201.9</u>
Income from continuing operating activities attributable to shareholder	\$ 693.5	717.2	649.8	184.5	201.9
Net income attributable to shareholder	728.3	833.1	653.7	183.8	201.9

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
	Additions to property, plant and equipment	\$ 402.1	\$ 459.2	\$ 517.4	103.9
Additions to intangible assets (excluding acquisitions of spectrum licences)	194.0	218.7	202.9	60.7	86.8
	596.1	677.9	720.3	164.6	214.0
Acquisition of spectrum licences	–	255.8	–	–	–
Cash Flows:					
Cash flows from operations (table 15)	1,268.3	1,124.9	994.1	317.1	248.5
Cash flows provided by continuing operating activities	1,451.8	1,315.3	1,528.1	362.8	422.3
Balance sheet:					
Cash and cash equivalents	\$ 74.0	\$ 2.4	\$ 1.1		
Working capital	(162.4)	(216.6)	(353.9)		
Total assets	8,119.6	8,070.7	7,757.3		
Long-term debt	4,111.5	4,240.2	4,219.6		
Lease liabilities	142.3	114.2	122.6		
QMI subordinated loan	1,595.0	1,595.0	1,595.0		
Equity (deficit) attributable to shareholder	188.1	121.0	(147.7)		

- Significant increase in customer equipment sales (\$139.1 million or 51.6%), mobile telephony services revenues (\$57.8 million or 9.6%) and Internet access (\$17.1 million or 1.5%) in 2020.
- The total average billing per unit (“ABPU”) was \$49.94 in 2020, compared with \$50.00 in 2019, a \$0.06 (-0.1%) decrease. Mobile ABPU was \$50.85 in 2020, compared with \$52.56 in 2019, a \$1.71 (-3.3%) decrease due in part to a decrease in wireless roaming and overage revenues caused to the COVID-19 pandemic and to the popularity of bring your own device (“BYOD”) plans.
- Net increase of 71,700 RGUs (1.2%) in 2020, including 150,600 subscribers connections (11.3%) to mobile telephony services, 69,500 subscribers (4.0%) to Internet access and 10,400 subscribers (2.3%) to Club illico OTT video services (“Club illico”).
- On January 22, 2021, the Corporation issued \$650.0 million aggregate principal amount of 3.125% Senior Notes maturing on January 15, 2031, for net proceeds of \$644.1 million, net of financing fees of approximately \$5.9 million. The Corporation intends to use the proceeds for general corporate purposes, including without limitation, for the repayment of a portion of its outstanding indebtedness.
- On December 15, 2020, the Corporation announced the launch of its 5G network, with service to be phased in the City of Montréal and then rolled out in other parts of Québec. This state-of-the-art technology offers customers faster upload and download speeds and supports the introduction of new applications.
- From March 13 through June 30, 2020, and December 20, 2020 through January 3, 2021, Videotron suspended data caps on all of its customers’ residential and business Internet plans to support the implementation of effective teleworking arrangements at Québec businesses and enable customers to stay connected with loved ones during the COVID-19 pandemic. From March 13 to June 30, 2020, Videotron also cancelled roaming charges outside Canada and the Daily Traveller Pass fee.
- The Corporation earned numerous honours in 2020. The Corporation was the most respected telecommunications company in Québec for the 15th consecutive year in the 2020, according to Léger’s Reputation survey, and it was placed first as a Internet provider in Québec, according to Media Technology Monitor in spring 2020. It ranked first in the Technology and Telecommunications category in the BIP Recherche-ICO awards for the most trusted organizations of the past decade, announced by the Institut de la confiance dans les organisations (ICO) on March 11, 2020. The Corporation was also on the 2020 list of Montréal’s Top Employers released by Mediacorp Canada Inc. on January 30, 2020. Lastly, Fizz obtained, for a second consecutive year, the first rank of Léger’s digital WOW study for the best online experience in the telecommunications sector, in addition to entering the top 10, all industries combined.

TREND INFORMATION

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

Moreover, the Corporation has in the past required substantial capital for the upgrade, expansion and maintenance of its mobile and wireline networks, the launch and expansion of new or additional services to support growth in its customer base and demand for increased bandwidth capacity and other services. The Corporation expects that additional capital expenditures will be required in the short and medium term to expand and maintain the systems and services, including expenditures relating to the cost of its mobile services infrastructure, maintenance and enhancement, as well as costs relating to the roll-out of LTE-Advanced/5G technologies. In addition, the demand for wireless data services has been growing constantly and is projected to continue to grow. The anticipated levels of data traffic will represent an increasing challenge to the current mobile network's ability to support this traffic. The Corporation will have to acquire additional spectrum in the future to meet the growing demand.

DISCONTINUED OPERATIONS

On January 22, 2019, the Corporation sold to Quebecor Media its 4Degrees Colocation Inc. ("4Degrees Colocation") data center operations, which were ultimately sold to a third party on January 24, 2019 for an amount of \$261.6 million fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by the Corporation. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of \$115.7 million (without any tax consequence), was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. In the second quarter of 2020, a net gain of \$34.8 million (without any tax consequence) was recorded as certain adjusting conditions were achieved.

These discontinued operations were transferred to Quebecor Media in exchange of a promissory note receivable bearing interest at a rate of 4.90% for an amount of \$260.7 million, from which \$100.7 million was reimbursed subsequently.

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

ANALYSIS OF CONSOLIDATED RESULTS AND CASH FLOWS OF VIDEOTRON

2020/2019 Financial year comparison

Revenues: \$3.62 billion, a \$146.4 million (4.2%) increase.

- Revenues from the mobile telephony services increased \$57.8 million (9.6%) to \$658.5 million, essentially due to an increase in the number of subscriber connections, partially offset by a decrease in average per-subscriber revenues.
- Revenues from Internet access services increased \$17.1 million (1.5%) to \$1.13 billion, essentially due to an increase in the customer base, partially offset by a decrease in average per-subscriber revenues.
- Revenues from television services decreased \$70.8 million (-7.3%) to \$903.6 million, due primarily to the impact of the net decrease in the customer base.
- Revenues from wireline telephony services decreased \$2.7 million (-0.8%) to \$338.4 million, mainly because of the impact of the net decrease in subscriber connections, largely offset by higher average per-connection revenues due in part to increases in some rates.
- Revenues from customer equipment sales increased \$139.1 million (51.6%) to \$408.9 million, mainly because of the impact of equipment sales related to the Helix platform launched on August 27, 2019, and higher sales of mobile devices.
- Other revenues increased by \$5.9 million (3.4%) to \$181.7 million, mainly reflecting revenue increases for Club illico.

ABPU: the Corporation's total ABPU was \$49.94 in 2020, compared with \$50.00 in 2019, a \$0.06 (-0.1%) decrease. Mobile ABPU was \$50.85 in 2020, compared with \$52.56 in 2019, a \$1.71 (-3.3%) decrease due in part to the a decrease in wireless roaming and overage revenues caused by the COVID-19 pandemic and the popularity of BYOD plans.

Customer statistics

RGUs – The total number of RGUs was 6,147,900 at December 31, 2020, an increase of 71,700 (1.2%) in 2020, compared with an increase of 85,900 in 2019 (Table 2).

Mobile telephony – The number of subscriber connections to mobile telephony services stood at 1,481,100 at December 31, 2020, an increase of 150,600 (11.3%) in 2020, compared with an increase of 176,700 in 2019 (Table 2).

Internet access – The number of subscribers to Internet access services stood at 1,796,800 at December 31, 2020, an increase of 69,500 (4.0%) in 2020, compared with an increase of 22,800 in 2019 (Table 2). As of December 31, 2020, the Corporation's Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,994,700 homes and businesses passed by the Corporation's network at December 31, 2020, up from 2,950,100 one year earlier) or 60.0% compared with 58.6% a year earlier.

Television – The number of subscribers to television services stood at 1,475,600 at December 31, 2020, a decrease of 56,200 (-3.7%) in 2020, compared with a decrease of 65,500 in 2019 (Table 2). As of December 31, 2020, television services had a household and business penetration rate of 49.3% versus 51.9% a year earlier.

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 924,700 at December 31, 2020, a decrease of 102,600 (-10.0%) in 2020, compared with a decrease of 86,600 in 2019 (Table 2). As of December 31, 2020, wireline telephony services had a household and business penetration rate of 30.9% versus 34.8% a year earlier.

Club illico – The number of subscribers to Club illico stood at 469,700 at December 31, 2020, an increase of 10,400 (2.3%) in 2020, compared with an increase of 38,500 in 2019 (Table 2).

Table 2
Year-end RGUs (2016-2020)
(in thousands of customers)

	2020	2019	2018	2017	2016
Mobile telephony	1,481.1	1,330.5	1,153.8	1,024.0	893.9
Internet	1,796.8	1,727.3	1,704.5	1,666.5	1,612.8
Television	1,475.6	1,531.8	1,597.3	1,640.5	1,690.9
Wireline telephony	924.7	1,027.3	1,113.9	1,188.5	1,253.1
Club illico	469.7	459.3	420.8	361.6	314.7
Total	6,147.9	6,076.2	5,990.3	5,881.1	5,765.4

Adjusted EBITDA: \$1.86 billion, a \$61.6 million (3.4%) increase due primarily to:

- impact of the net revenue increase.

Partially offset by:

- net increase in operating expenses, due mainly to cost increases related to the popularity of the Helix platform, which continues to grow, partially offset by the impact of prudent management of other costs.

The unfavourable variance in the comparative results caused by recognition of a one-time gain in 2019 was partially offset by a favourable variance due to the updating of certain provisions in 2020.

Cost/revenue ratio: Employee costs and purchase of goods and services expressed as a percentage of revenues, were 48.5% in 2020, compared with 48.1% in 2019.

Depreciation and amortization charge: \$743.8 million in 2020, a \$58.2 million increase due mainly to the impact of investments in property, plant and equipment and in intangible assets, including the amortization of intangible assets related to investments in the Helix platform, and the impact of the revision of the depreciation period for some capital assets in consideration of technological developments, partially offset by lower spending related to the leasing of set-top boxes.

Financial expenses : \$208.5 million in 2020, a \$8.5 million increase due primarily to higher average interest rate on long-term debt and higher average indebtedness.

Loss on valuation and translation of financial instruments: \$1.2 million in 2020, compared with \$0.6 million in 2019.

Charges for restructuring of operations and other items: \$29.4 million in 2020, compared with \$20.2 million in 2019.

- In 2020, \$21.0 million charges were recorded in connection with cost reduction initiatives, and \$8.4 million charge was recognized in connection with impairment of assets.
- In 2019, \$15.3 million charge was recognized in connection with impairment of assets, and \$4.9 million charges were recorded in connection with cost reduction initiatives.

Income tax expense: \$187.9 million in 2020 (effective tax rate of 21.3%), compared with \$179.1 million in 2019 (effective tax rate of 20.0%), a \$8.8 million unfavourable variance. The increase is mainly due to changes in tax consolidation arrangements with the parent corporation.

Net income attributable to the shareholder: \$728.3 million in 2020, compared with \$833.1 million in 2019, a \$104.8 million decrease due primarily to:

- \$81.1 million decrease in income from discontinued operations;
- \$58.2 million increase in depreciation and amortization;
- \$9.2 million increase in restructuring of operations and other items;
- \$8.8 million increase in income tax expense;
- \$8.5 million increase in financial expenses;

Partially offset by:

- \$61.6 million increase in adjusted EBITDA;

Cash flows from operations: \$1.27 billion, a \$143.4 million (12.7%) increase due to a \$57.1 million decrease in additions to property, plant and equipment, mainly attributable to lower spending related to the leasing of set-top boxes and the postponement of some investments during the COVID-19 pandemic, as well as a \$24.7 million decrease in additions to intangible assets, also due to the postponement of some investments, and the \$61.6 million increase in adjusted EBITDA.

Cash flows provided by continuing operating activities: \$1.45 billion, a \$136.5 million (10.4%) increase due primarily to the net change in non-cash balances related to operating activities and to an increase in adjusted EBITDA, partially offset by an increase in current income taxes, as well as an increase in the cash portion related to restructuring of operations and other items and in the cash portion of financial expenses.

2020/2019 Fourth quarter comparison

Revenues: \$940.8 million, a \$33.6 million (3.7%) increase due essentially to the same factors as those noted above under “2020/2019 Financial year comparison”.

- Revenues from mobile telephony services increased \$13.0 million (8.3%) to \$170.2 million.
- Revenues from Internet access services increased \$9.6 million (3.4%) to \$292.3 million.
- Revenues from television services decreased \$19.5 million (-8.1%) to \$220.0 million.
- Revenues from wireline telephony services decreased \$0.4 million (-0.5%) to \$83.3 million.
- Revenues from equipment sales increased \$28.8 million (28.9%) to \$128.4 million.
- Other revenues increased \$2.1 million (4.7%) to \$46.6 million.

ABPU: the Corporation’s total ABPU was \$50.21 in the fourth quarter of 2020, compared with \$49.99 in the same period of 2019, a \$0.22 (0.4%) increase. Mobile ABPU was \$50.52 in the fourth quarter of 2020, compared with \$51.89 in the same period of 2019, a \$1.37 (-2.6%) decrease due in part to a decrease in wireless roaming and overage revenues caused by the COVID-19 pandemic and the popularity of BYOD plans.

Customer statistics

RGUs – 43,000 (0.7%) unit increase in the fourth quarter of 2020, compared with an increase of 21,800 in the same period of 2019.

Mobile telephony – 28,500 (2.0%) subscriber connection increase in the fourth quarter of 2020, compared with an increase of 41,800 in the same period of 2019.

Internet access – 27,000 (1.5%) subscriber increase¹ in the fourth quarter of 2020, compared with an increase of 3,000 in the same period of 2019.

Television – 6,200 (-0.4%) subscriber decrease in the fourth quarter of 2020, compared with a decrease of 13,400 in the same period of 2019.

Wireline telephony – 23,100 (-2.4%) subscriber connection decrease² in the fourth quarter of 2020, compared with a decrease of 25,400 in the same period of 2019.

Club illico – 16,800 (3.7%) subscriber increase in the fourth quarter of 2020, compared with an increase of 15,800 in the same period of 2019.

¹ The numbers for the end of the third quarter of 2020 have been lowered by 3,800 customers (reflecting reductions in customer growth of 2,500 and 1,300 in the first and second quarters of 2020 respectively) to correct an irregularity discovered in the RGU growth compilation systems.

² The numbers for the end of the third quarter of 2020 have been lowered by 3,100 subscriber connections (reflecting reductions in customer growth of 2,700 and 400 in the first and second quarters of 2020 respectively) to correct an irregularity discovered in the RGU growth compilation systems.

Adjusted EBITDA: \$481.7 million, a \$19.2 million (4.2%) increase due primarily to the impact of the net revenue increase.

Cost/revenue ratio: Employee costs and purchase of goods and services expressed as a percentage of revenues, were 48.8% in the fourth quarter of 2020, compared with 49.0% in the same period of 2019.

Depreciation and amortization charge: \$197.5 million in the fourth quarter of 2020, a \$28.2 million increase due mainly to the impact of the revision of the depreciation period for some capital assets in consideration of technological developments and the impact of investments in property, plant and equipment and in intangible assets including amortization of intangible assets related to investments in the Helix platform, partially offset by lower spending related to the leasing of set-top boxes.

Financial expenses: \$49.0 million in the fourth quarter of 2020, a \$2.5 million decrease due primarily to lower average indebtedness.

Loss on valuation and translation of financial instruments: \$0.8 million in the fourth quarter of 2020, compared with a \$1.8 million loss in the same period of 2019, a \$1.0 million favourable variance.

Charge for restructuring of operations and other items: \$4.2 million in the fourth quarter of 2020, compared with a \$1.9 million in the same period of 2019, a \$2.3 million unfavourable variance.

Income tax expense: \$45.7 million (effective tax rate of 19.9%) in the fourth quarter of 2020, compared with \$36.1 million (effective tax rate of 15.2%) in the same period of 2019, a \$9.6 million unfavourable variance. The increase is mainly due to changes in tax consolidation arrangements with the parent corporation, also explaining the reduction in the effective tax rate and the unfavourable variance in the period.

Net income attributable to the shareholder: \$183.8 million in the fourth quarter of 2020, compared with \$201.9 million in the same period of 2019, a \$18.1 million decrease due primarily to:

- \$28.2 million increase in depreciation and amortization expense;
- \$9.6 million increase in income tax expense;
- \$2.3 million increase in restructuring of operations and other items.

Partially offset by:

- \$19.2 million increase in adjusted EBITDA;
- \$2.5 million decrease in financial expenses.

Cash flows from operations: \$317.1 million in the fourth quarter of 2020, a \$68.6 million (27.6%) increase due to a \$26.1 million decrease in additions to intangible assets due to the postponement of some investments during the COVID-19 pandemic, a \$23.3 million decrease in additions to property, plant and equipment, also due to the postponement of some investments, and the \$19.2 million increase in adjusted EBITDA.

Cash flows provided by continuing operating activities: \$362.8 million in the fourth quarter of 2020, a \$59.5 million (14.1%) decrease due primarily to an increase in current income taxes and to an unfavorable net change in non-cash balances related to operating activities, partially offset by an increase in adjusted EBITDA.

2019/2018 Financial year comparison

Revenues: \$3.48 billion, a \$99.6 million (2.9%) increase.

- Revenues from the mobile telephony services increased \$66.3 million (12.4%) to \$600.7 million, essentially due to an increase in the number of subscriber connections, partially offset by a decrease in average per-subscriber revenues.
- Revenues from Internet access services increased \$35.0 million (3.2%) to \$1.11 billion, due mainly to higher per-subscriber revenues, reflecting among other things, the impact of a favourable product mix, increases in pricing, and to an increase in the customer base, partially offset by a decrease in overage charges.
- Revenues from television services decreased \$22.3 million (-2.2%) to \$974.4 million, due primarily to the impact of a net decrease in the customer base, partially offset by higher per-customer revenues resulting from, among other things, the impact of increases in some rates.

- Revenues from wireline telephony services decreased \$27.5 million (-7.5%) to \$341.1 million, mainly because of the impact of the net decrease in subscribers.
- Revenues from customer equipment sales increased \$36.3 million (15.5%) to \$269.8 million, mainly because of the impact of equipment sales related to the new Helix platform launched on August 27, 2019.
- Other revenues increased by \$11.8 million (7.2%) to \$175.8 million, mainly reflecting revenue increases at Club illico and at Videotron Business.

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

Customer statistics

RGUs – The total number of RGUs was 6,076,200 at December 31, 2019, an increase of 85,900 (1.4%) in 2019, compared with an increase of 109,200 in 2018 (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony services stood at 1,330,500 at December 31, 2019, an increase of 176,700 (15.3%) in 2019, compared with an increase of 129,800 in 2018 (Table 2). The 2019 annual increase in the number of connections was the largest since the launch of the mobile network in 2010.

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

Television – The number of subscribers to television services stood at 1,531,800 at December 31, 2019, a decrease of 65,500 (-4.1%) in 2019, compared with a decrease of 43,200 in 2018 (Table 2). At December 31, 2019, the television services had a household and business penetration rate of 51.9% compared with 54.9% a year earlier.

Wireline telephony – The number of subscriber connections to the wireline telephony services stood at 1,027,300 at December 31, 2019, a decrease of 86,600 (-7.8%) in 2019, compared with a decrease of 74,600 in 2018 (Table 2). At December 31, 2019, the wireline telephony services had a household and business penetration rate of 34.8% compared with 38.3% a year earlier.

Club illico – The number of subscribers to Club illico stood at 459,300 at December 31, 2019, an increase of 38,500 (9.1%) in 2019, compared with an increase of 59,200 in 2018 (Table 2).

Adjusted EBITDA: \$1.80 billion, a \$88.4 million (5.2%) increase due primarily to:

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

Partially offset by:

- retroactive favourable adjustment recorded in 2018 related to roaming fees following a Canadian Radio-television and Telecommunications Commission ("CRTC") decision (creating an unfavourable variance in 2019 when compared with 2018);
- higher cost of mobile and wireline equipment sales, reflecting in part the impact of the cost of equipment related to the new Helix platform.

Cost/revenue ratio: Employee costs and purchase of goods and services expressed as a percentage of revenues, were 48.1% in 2019, compared with 49.2% in 2018, mainly because of the decrease in operating expenses, reflecting in part the impact of a one-time gain, the favourable impact of a reversal of a provision in connection with a lawsuit, and the fixed component of costs, which does not fluctuate in proportion to revenue growth.

Depreciation and amortization charge: \$685.6 million in 2019, a \$5.7 million decrease due primarily to decreased spending related to the leasing of digital set-top boxes.

Financial expenses : \$200.0 million in 2019, a \$10.8 million increase due primarily to:

- \$16.7 million increase in interest on long-term debt, mainly due to higher average indebtedness;
- \$5.1 million unfavourable variance in interest revenues on cash-on-hand.

Partially offset by:

- \$4.6 million favourable variance in gain on foreign currency translation of short-term monetary items;
- \$6.7 million increase in interest revenue from the promissory note to the parent corporation.

Loss on valuation and translation of financial instruments: \$0.6 million in 2019, compared with \$0.7 million in 2018.

Charges for restructuring of operations and other items: \$20.2 million in 2019, compared with \$17.2 million in 2018.

- In 2019, \$15.3 million charge was recognized in connection with impairment of assets.
- In 2018, a \$12.9 million impairment charge was recognized in connection with IT projects, and a \$4.3 million charge was recognized in connection with charges related to the decommissioning of the analog network and labour cost reduction initiatives.

Income tax expense: \$179.1 million in 2019 (effective tax rate of 20.0%), compared with \$166.2 million in 2018 (effective tax rate of 20.4%), a \$12.9 million unfavourable variance. The increase is mainly due to changes in tax consolidation arrangements with the parent corporation.

Net income attributable to the shareholder: \$833.1 million in 2019, compared with \$653.7 million in 2018, a \$179.4 million increase due primarily to:

- \$88.4 million increase in adjusted EBITDA;
- \$112.0 million favourable variance in income from discontinued operations;
- \$5.7 million decrease in depreciation and amortization.

Partially offset by:

- \$10.8 million increase in financial expenses;
- \$12.9 million increase in income tax expense;
- \$3.0 million unfavorable variance in charges for restructuring of operations and other items.

Cash flows from operations: \$1.12 billion in the year of 2019, a \$130.8 million (13.2%) increase due to \$88.4 million increase in adjusted EBITDA and to \$42.4 million favorable variances in additions to property, plant and equipment and to intangible assets.

Cash flows provided by continuing operating activities: \$1.32 billion in the year of 2019, a \$212.8 million (13.9%) decrease due primarily to an unfavorable variance in non-cash operating assets and liabilities, partially offset by an increase in adjusted EBITDA and a decrease in current income taxes.

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

2020 financial year

Cash flows provided by continuing operating activities: \$1.45 billion in 2020, compared with \$1.32 billion in 2019.

The \$136.5 million increase was primarily due to:

- \$194.7 million favourable net change in non-cash operating assets and liabilities, due primarily to favourable variances in income taxes payable;
- \$61.6 million increase in adjusted EBITDA.

Partially offset by:

- \$93.6 million increase in current income tax expense;
- \$16.1 million increase in cash portion related to restructuring of operations and other items;
- \$7.8 million increase in the cash portion of financial expenses.

Working capital: Negative \$162.4 million as of December 31, 2020, compared with negative \$216.6 million as of December 31, 2019. The favourable variance was due primarily to the increase in cash and cash equivalents, and in accounts receivable, as well as the decrease in deferred revenue, partially offset by increase in income taxes payable and in accounts payable, accrued charges and provisions.

2019 financial year

Cash flows provided by operating activities: \$1.32 billion in 2019, compared with \$1.53 billion in 2018.

The \$212.8 million decrease was primarily due to:

- \$342.6 million unfavourable change in non-cash operating assets and liabilities, due primarily to unfavourable variances in income taxes payable, accounts payable, accrued charges and provisions, defined benefit plans and inventories;
- \$10.0 million increase in the cash portion of financial expenses.

Partially offset by:

- \$88.4 million increase in adjusted EBITDA;
- \$50.5 million decrease in current income tax expense.

Working capital: Negative \$216.6 million as of December 31, 2019, compared with negative \$353.9 million as of December 31, 2018. The favourable variance was due primarily to the decrease in income taxes payable, increase in contracts assets, and other assets, partially offset by the decrease in net assets held for sale and increase in amounts payable to affiliated corporations.

Investing activities

2020 financial year

Cash flow used for additions to property, plant and equipment : \$429.2 million in 2020, compared with \$476.8 million in 2019. The \$47.6 million reduction consists of \$57.1 million due primarily to a decrease in investments related to the leasing of digital set-top boxes and the postponement of some investments because of the COVID-19 pandemic, partially offset by a \$9.5 million net unfavourable variance in current non-cash items.

Cash flow used for additions to intangible assets: \$180.2 million in 2020, compared with \$468.1 million in 2019. The \$287.9 million decrease was due to the acquisition of spectrum licences in the 600 MHz band for \$255.8 million in 2019, to a \$24.7 million decrease mainly due to the postponement of investments because of COVID-19 pandemic and to a \$7.4 million net favourable variance in non-cash items.

Business acquisitions: \$32.9 million in 2020, consisted of the acquisition of Télédistribution Amos inc. and its network in Abitibi-Témiscamingue.

Proceeds from disposal of assets: \$2.9 million in 2020, compared with \$4.1 million in 2019.

Business disposal: Nil in 2020, compared to \$100.7 million in 2019, consisting of the sale of the operations of the 4Degrees Colocation Inc. data centers.

2019 financial year

Cash flow used for additions to property, plant and equipment: \$476.8 million in 2019, compared with \$513.2 million in 2018. The \$36.4 million reduction consisted of \$58.2 million due primarily to a decrease in spending related to the leasing of digital set-top boxes, partially offset by a \$21.8 million net unfavourable variance in current non-cash items.

Cash flow used for additions to intangible assets: \$468.1 million in 2019, compared with \$190.2 million in 2018. The \$277.9 million increase was due primarily to the acquisition of spectrum licences for \$255.8 million and spending on the IPTV project.

Proceeds from disposal of assets: \$4.1 million in 2019, compared with \$5.6 million in 2018.

Business disposal: \$100.7 million in 2019, consisting of the sale of the operations of the 4Degrees Colocation Inc. data centers.

Financing activities

2020 financial year

Consolidated debt (long-term debt plus bank indebtedness): \$135.8 million decrease in 2020.

- Summary of debt decreases in 2020:
 - \$89.3 million decrease in drawings under the secured revolving credit facility;
 - \$52.9 million favourable impact of exchange rate fluctuations. This decrease in long-term debt is offset by a decrease in the asset (or an increase in the liability) related to cross-currency interest rate swap agreements, recorded under “Derivative financial instruments”;
 - \$7.1 million decrease in bank indebtedness.
- Summary of debt increases in 2020:
 - \$7.7 million change in the fair value related to hedged interest rate risk;
 - \$5.9 million decrease in financing costs, net of amortization.

Assets and liabilities related to derivative financial instruments: Net asset of \$325.3 million at December 31, 2020, compared with \$388.8 million at December 31, 2019, a \$63.5 million unfavourable variance. The variance was mainly due to the net unfavourable impact of exchange rate and interest rate fluctuations.

Dividends: Increase of \$345.0 million in common dividends to the parent corporation in 2020, compared with the same period of 2019.

2019 financial year

Consolidated debt (long-term debt plus bank indebtedness): \$19.4 million increase in 2019.

- Summary of debt increases in 2019:
 - o issuance, on October 8, 2019, of \$800.0 million aggregate principal amount of 4.50% Senior Notes maturing on January 15, 2030, for net proceeds of \$790.7 million, net of financing costs of \$9.3 million.
 - o \$6.7 million change in the fair value related to hedged interest rate risk;
- Summary of debt decreases in 2019:
 - o \$649.1 million decrease in drawings under the secured revolving credit facility;
 - o \$132.9 million favourable impact of exchange rate fluctuations. This decrease in long-term debt is offset by a decrease in the asset (or an increase in the liability) related to cross-currency interest rate swap agreements, recorded under “Derivative financial instruments”.
 - o \$4.0 million increase in financing costs, net of amortization.

Assets and liabilities related to derivative financial instruments: Net asset of \$388.8 million at December 31, 2019, compared with \$465.0 million at December 31, 2018, a \$76.2 million unfavourable variance. The variance was mainly due to the net unfavourable impact of exchange rate and interest rate fluctuations.

Dividends: Increase of \$153.0 million in common dividends to the parent corporation in 2019, compared with the same period of 2018.

Financial position

Net available liquidity: \$2.22 billion at December 31, 2020 for the Corporation and its wholly owned subsidiaries, pro forma the issuance of Senior Notes in the aggregate principal amount of \$650.0 million on January 22, 2021, consisting of \$1.50 billion in unused revolving credit facility, plus \$716.3 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): \$4.11 billion at December 31, 2020, a \$135.8 million decrease; \$63.5 million unfavourable net variance in assets and liabilities related to derivative financial instruments (see “Financing Activities” above).

At December 31, 2020, minimum principal payments on long-term debt in the coming years are as follows:

Table 3
Minimum principal payments on the Corporation’s long-term debt
Twelve-month period ending December 31
(in millions of Canadian dollars)

2021	\$	–
2022		1,018.0
2023		–
2024		763.5
2025		400.0
2026 and thereafter		1,938.5
Total	\$	4,120.0

From time to time, the Corporation may (but is under no obligation to) seek to retire or purchase the outstanding Senior Notes in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on the liquidity position and requirements, prevailing market conditions, contractual restrictions and other factors. The amounts involved may be material.

The weighted average term of the Corporation’s consolidated debt was approximately 5.1 years as of December 31, 2020 (5.8 years pro forma the issuance of Senior Notes in aggregate principal amount of \$650.0 million on January 22, 2021), compared with 6.1 years as of December 31, 2019. After taking into account hedging instruments, debt consisted of approximately 95.4% fixed rate debt (96.1% pro forma the issuance of Senior Notes on January 22, 2021), compared with 93.3% as at December 31, 2019 and 4.6% floating rate debt (3.9% pro forma the issuance of the Senior Notes on January 22, 2021), compared with 6.7% as at December 31, 2019.

The Corporation’s management believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions, share repurchases and dividends or distributions to the shareholder in the future. The Corporation has access to cash flows generated by its subsidiaries through dividends (or distributions) and cash advances paid by its wholly owned subsidiaries. The Corporation believes it will be able to meet future debt maturities, which are staggered over the coming years.

Pursuant to its financing agreements, the Corporation is required to maintain certain financial ratios. The key indicators listed in those financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted EBITDA). At December 31, 2020, the Corporation was in compliance with all required financial ratios.

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 Inc. group.

Tax Consolidation Arrangements with the Parent Corporation

On February 27, 2018, the Corporation contracted a subordinated loan of \$2.39 billion from Quebecor Media Inc., bearing interest at a rate of 9.5%, payable every six months on June 20 and December 20, and maturing on February 27, 2048. On the same day, the Corporation invested the total proceeds of \$2.39 billion into 2,390,000 preferred shares, Series C, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 9.6%, payable semi-annually.

On November 30, 2018, 9346-9963 Québec Inc., a subsidiary of Quebecor Media Inc., redeemed 795,000 preferred shares, Series C for a total cash consideration of \$795.0 million, and settled cumulative unpaid dividends of \$34.1 million. On the same day, the Corporation used the total proceeds of \$795.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

On October 11, 2019, the Corporation contracted a subordinated loan of \$2,950.0 million from Quebecor Media Inc., bearing interest at a rate of 10.0 %, payable every six months on June 20 and December 20, and maturing on October 11, 2049. On the same day, the Corporation invested the total proceeds of \$2,950.0 million into 2,950,000 preferred shares, Series D, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 10.1%, payable semi-annually.

On December 19, 2019, 9346-9963 Québec Inc., a subsidiary of Quebecor Media Inc., redeemed 2,950,000 preferred shares, Series D for a total cash consideration of \$2,950.0 million, and settled cumulative unpaid dividends of \$56.3 million. On the same day, the Corporation used the total proceeds of \$2,950.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

On November 12, 2020, the Corporation contracted a subordinated loan of \$1,700.0 million from Quebecor Media inc, bearing interest at a rate of 9.0%, payable every six months on June 20 and December 20, and maturing on November 12, 2050. On the same day, the Corporation invested the total proceeds of \$1,700.0 million into 1,700,000 preferred shares, Series L, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 9.1%, payable semi-annually.

On December 18, 2020, 9346-9963 Québec Inc, a subsidiary of Quebecor Media Inc, redeemed 1,700,000 preferred shares, Series L for a total cash consideration of \$1,700.0 million, and settled cumulative unpaid dividends of \$15,3 million. On the same day, the Corporation used the total proceeds of \$1,700.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

These transactions were carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries.

Dividends declared and paid

The Corporation paid \$140.0 million in common dividends to the parent corporation in the fourth quarter of 2020 (\$85.0 million in the fourth quarter of 2019). For the year ended December 31, 2020, the Corporation paid \$611.0 million in common dividends to the parent corporation, compared with \$266.0 million in 2019. The Corporation expects to make cash distributions to its parent corporation in the future, as determined by the Board of Directors, and within the limits set by the terms of the indebtedness and applicable laws.

600 MHz spectrum auction

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

Corporate reorganization

On January 3, 2018, Quebecor Media Inc. transferred and subsequently cancelled all of its 172,516,829 common shares in the Corporation in the amount of \$132.4 million to a newly fully owned subsidiary, 9370-5762 Québec Inc. in exchange for i) a convertible promissory note for a value of \$3,908.6 million that is convertible into 3,908,570 common shares of 9370-5762 Québec Inc. and ii) 6,636,391 common shares of 9370-5762 Québec Inc. The following day, the Corporation was merged with 9370-5762 Québec Inc. The new merged Corporation continues to operate under the name of Videotron Ltd. Since this transaction resulted in no substantive changes in the parent corporation reporting group, the transaction was accounted for using the continuity of interest method. Under this method, all figures of the Corporation reflect the carrying values of the two merged entities.

On January 8, 2018, the convertible promissory note was converted into 3,908,570 common shares of the Corporation. This corporate reorganization resulted in an increase of \$3,776.2 million of capital stock and a decrease of retained earnings by the same amount.

High Speed Operation Project

On March 22, 2021, Videotron and the Government of Québec signed agreements to support the achievement of the government's targets for the roll-out of high-speed Internet services in remote regions. Under these agreements, Videotron will extend its high-speed Internet network to connect approximately 37,000 additional households and the government has committed to provide financial assistance in the amount of approximately \$258.0 million, which will be fully invested in Videotron's network extension.

Issuance of shares

On January 25, 2019, the Corporation issued 162,640 common shares to its parent corporation for a cash consideration of \$150.0 million.

On July 26, 2019, the Corporation issued 3,563 common shares to its parent corporation for a cash consideration of \$3.3 million.

On January 30, 2020, the Corporation issued 3,406 common shares to its parent corporation for a cash consideration of \$3.3 million.

On July 29, 2020, the Corporation issued 3,756 common shares to its parent corporation for a cash consideration of \$3.5 million.

Reduction of paid-up capital

During the year ended December 31, 2018, the Corporation reduced its paid-up capital for total cash considerations of \$2.59 billion.

During the year ended December 31, 2019, the Corporation reduced its paid-up capital for total cash considerations of \$465.0 million.

Analysis of consolidated balance sheets

Table 4
Consolidated balance sheets of the Corporation
Analysis of main variances between December 31, 2020 and December 31, 2019
(in millions of Canadian dollars)

	Dec. 31, 2020	Dec. 31, 2019	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	\$ 74.0	\$ 2.4	\$ 71.6	Cash inflows providing by operating activities, less outflows used in financing and investing activities
Accounts receivable	395.4	341.3	54.1	Impact of current variances in activity
Property, plant and equipment	2,879.5	3,100.1	(220.6)	Depreciation for the period, less additions to property, plant and equipment
Right-of-use assets	111.3	85.5	25.8	Additions financed with lease obligations, less depreciation for the period
Goodwill	538.1	515.0	23.1	Acquisition of Télédistribution Amos inc.
Derivative financial instruments ¹	325.3	388.8	(63.5)	See "Financing activities"
Other assets	250.3	113.2	137.1	Increase in the long term portion of contract assets and other long-term assets
Liabilities				
Accounts payable, accrued charges and provisions	608.0	585.9	22.1	Impact of current variances in activity
Deferred revenue	275.7	304.1	(28.4)	Timing of weekly billing cycles
Long-term debt, including bank indebtedness	4,111.5	4,247.3	(135.8)	See "Financing activities"
Lease liabilities	142.3	114.2	28.1	Additions in lease obligations financing right-of-use assets
Other liabilities	252.6	226.7	25.9	Increase in defined benefit plans, less adjustment in contingent consideration related to the sale of 4Degrees Colocation Inc.

¹ Non-current assets less non-current liabilities

ADDITIONAL INFORMATION

Contractual obligations

As of December 31, 2020, material contractual obligations of operating activities included: capital repayment and interest payments on long-term debt and lease liabilities; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 5 below shows a summary of these contractual obligations.

Table 5
Contractual obligations of the Corporation as of December 31, 2020
(in millions of Canadian dollars)

	<u>Total</u>	<u>Under 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>5 years or more</u>
Long term debt ^{1,2}	\$ 4,120.0	—	1,018.0	1,163.5	1,938.5
Interest payments on long term debt ³	973.1	150.5	357.4	246.7	218.5
Lease Liabilities	142.3	32.0	50.6	31.6	28.1
Interest payments on lease liabilities	22.3	6.2	8.5	4.4	3.2
Additions to property, plant and equipment and other commitments	1,397.9	914.4	177.9	111.7	193.9
Derivative financial instruments ⁴	(278.8)	—	(218.5)	(101.2)	40.9
Total contractual obligations	\$ 6,376.8	\$ 1,103.1	\$ 1,393.9	\$ 1,456.7	\$ 2,423.1

¹ Excludes obligations under subordinated loans due to the parent corporation; the proceeds of which are used to invest in preferred shares of an affiliated corporation for tax consolidation purposes.

² The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

³ Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of December 31, 2020.

⁴ Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging on the principal of U.S.-dollars-denominated debt.

Significant commitments included in Table 5

The Corporation has 20-year service sharing and exchange agreements with Rogers Communications Inc. to build out and operate an LTE network in Québec and the Ottawa area. It also has an agreement with Comcast Corporation to develop an innovative IPTV delivery solution, as well as agreements for the roll-out of LTE-A and 5G technologies and the purchase of mobile devices. As at December 31, 2020, the balance of those commitments stood at \$646.6 million.

Pension plan contributions

The expected employer contributions to the Corporation's defined benefit pension plans and post-retirement benefit plans will be \$23.2 million in 2021, based on the most recent financial actuarial reports filed (contributions of \$19.8 million were paid in 2020).

Related party transactions

The following Table 6 describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. These transactions were accounted for at the consideration agreed between the parties.

Table 6
Related party transactions
(in millions of Canadian dollars)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Ultimate parent and parent corporation:			
Revenues	\$ 0.4	\$ 0.5	\$ 0.6
Purchase of goods and services	9.6	9.9	9.4
Operating expenses recovered	(1.4)	(2.6)	(0.4)
Corporations under common control:			
Revenues	4.9	5.5	5.0
Purchase of goods and services	95.7	123.2	105.5
Operating expenses recovered	(1.4)	(3.0)	(1.2)

Off-balance sheet arrangements

Guarantees

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

Business and asset disposals

In the sale of all or part of a business or an asset, in addition to possible indemnification relating to failure to perform covenants and breach of representations or warranties, the Corporation may agree to indemnify against claims related to the past conduct of the business. Typically, the term and amount of such indemnification will be limited by the agreement. The nature of these indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay to guaranteed parties. The Corporation has not accrued any amount in respect of these items in the consolidated balance sheets.

Outsourcing companies and suppliers

In the normal course of 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 sheets with respect to these indemnifications.

Financial Instruments and Financial Risk Management

The Corporation's financial risk-management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and in the Corporation's activities.

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, lease liabilities and derivative financial instruments. As a result of its use of financial instruments, the Corporation is exposed to credit risk, liquidity risk and market risks relating to foreign exchange fluctuations and interest rate fluctuations.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency and (ii) to achieve a targeted balance of fixed- and floating-rate debts. The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

Table 7
Description of derivative financial instruments
As of December 31, 2020
(in millions of dollars)

Foreign exchange forward contracts

Maturity	CAN dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Less than 1 year	1.3235	\$ 207.1	US \$ 156.5

Cross-currency interest rate swaps

Hedged item	Hedging instrument			CAN dollar exchange rate on interest and capital payments per one U.S. dollar
	Period covered	Notional amount	Annual interest rate on notional amount in CAN dollars	
5.000% Senior Notes due 2022	2014 to 2022	US\$ 543.1	6.01%	0.9983
5.000% Senior Notes due 2022	2012 to 2022	US\$ 256.9	5.81%	1.0016
5.375% Senior Notes due 2024	2014 to 2024	US\$ 158.6	Bankers' acceptances 3 months + 2.67%	1.1034
5.375% Senior Notes due 2024	2017 to 2024	US\$ 441.4	5.62%	1.1039
5.125% Senior Notes due 2027	2017 to 2027	US\$ 600.0	4.82%	1.3407

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

The losses on valuation and translation of financial instruments for 2020, 2019 and 2018 are summarized in Table 8.

Table 8
Loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	2020	2019	2018
Loss on the ineffective portion of fair value hedges	\$ 1.2	\$ 0.6	\$ 0.7

A loss on cash flow hedges of \$17.1 million was recorded under “other comprehensive income” in 2020 (gain of \$50.6 million in 2019 and loss of \$6.7 million in 2018).

Fair value of financial instruments

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized in the consolidated balance sheets is estimated as per the Corporation’s valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates. An adjustment is also included to reflect non-performance risk impacted by the financial and economic environment prevailing at the date of the valuation in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market, to the net exposure of the counterparty or the Corporation.

The carrying value and fair value of long-term debt and derivative financial instruments as of December 31, 2020 and 2019 were as follows:

Table 9
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

Asset (liability)	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt¹	\$ (4,120.0)	\$ (4,419.2)	\$ (4,262.3)	\$ (4,509.1)
Derivative financial instruments²				
Foreign exchange forward contracts	(8.0)	(8.0)	(2.2)	(2.2)
Cross-currency interest rate swaps	333.3	333.3	391.0	391.0

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 The net fair value of derivative financial instruments designated as cash flow hedges is an asset position of \$280.7 million as of December 31, 2020 (\$346.6 million in 2019) and the net fair value of derivative financial instruments designated as fair value hedges is an asset position of \$44.6 million as of December 31, 2020 (\$42.2 million in 2019).

Due to the judgment used in applying a wide range of acceptable techniques and estimates in calculating fair value amounts, fair values are not necessarily comparable among financial institutions or other market participants and may not be realized in an actual sale or on the immediate settlement of the instrument.

Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2020, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2020, the provision for expected credit losses represented 2.8% of the gross amount of accounts receivable and contract assets (3.0% as of December 31, 2019), while 4.1% of trade receivables were 90 days past their billing date (4.3% as of December 31, 2019).

The following table shows changes to the provision for expected credit losses for the years ended December 31, 2020 and 2019:

Table 10
Changes in Provision for Expected Credit losses
(in millions of dollars)

	2020	2019
Balance at beginning of year	\$ 14.3	\$ 14.1
Changes in expected credit losses charged to income	20.0	18.0
Write-off	(18.6)	(17.8)
Balance at end of year	\$ 15.7	\$ 14.3

The Corporation believes that its product lines and the diversity of its customer base are instrumental in reducing its credit risk, as well as the impact of fluctuations in product-line demand. The Corporation does not believe that it is exposed to an unusual level of customer credit risk.

As a result of its use of derivative financial instruments, the Corporation is exposed to the risk of non-performance by a third party. When the Corporation enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with the Corporation's risk-management policy and are subject to concentration limits. These credit ratings and concentration limits are monitored on an ongoing basis but at least quarterly.

Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due or the risk that those financial obligations will have to be met at excessive cost. The Corporation manages this exposure through staggered debt maturities. The weighted average term of the Corporation's consolidated debt was approximately 5.1 years as of December 31, 2020 (5.8 years pro forma the issuance of Senior Notes in the aggregate principal amount of \$650.0 million on January 22, 2021) compared with 6.1 years as of December 31, 2019.

Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates, interest rates and/or equity prices will affect the value of the Corporation's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

Most of the Corporation's consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways, modems, mobile devices and certain capital expenditures, are received or denominated in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.-dollar-denominated debt obligations outstanding as of December 31, 2020, and to hedge its exposure on certain purchases of set-top boxes, gateways, modems, mobile devices and certain capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The estimated sensitivity on income and other comprehensive income, before income taxes, of a variance of \$0.10 in the year-end exchange rate of a CAN dollar per one U.S. dollar used to calculate the fair value of financial instruments as of December 31, 2020 is as follows:

Table 11
Estimated Sensitivity of Variances in Year-end Exchange Rate
(in millions of dollars)

Increase (decrease)	Income	Other comprehensive income
Increase of \$0.10	\$ 1.0	\$ 40.3
Decrease of \$0.10	(1.0)	(40.3)

A variance of \$0.10 in the 2020 average exchange rate of CAN dollar per one U.S. dollar would have resulted in a variance of \$5.4 million on the value of unhedged purchases of goods and services and \$3.7 million on the value of unhedged acquisitions of tangible and intangible assets in 2020.

Interest rate risk

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate, and (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2020, after taking into account the hedging instruments, long-term debt was comprised of 95.4% fixed rate debt (96.1% pro forma the issuance of Senior Notes in the aggregate principal amount of \$650.0 million on January 22, 2021) compared with 93.3% as at December 31, 2019 and 4.6% floating rate debt (3.9% pro forma the issuance of Senior Notes in the aggregate principal amount of \$650.0 million on January 22, 2021) compared with 6.7% as at December 31, 2019.

The estimated sensitivity on interest payments of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2020 was \$1.8 million.

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a 100 basis point variance in the discount rate used to calculate the fair value of financial instruments as of December 31, 2020, as per the Corporation's valuation models, is as follows:

Table 12
Estimated Sensitivity of Variances in the Discount Rate
(in millions of dollars)

Increase (decrease)	Income	Other comprehensive income
Increase of 100 basis points	\$ (1.2)	\$ (4.6)
Decrease of 100 basis points	1.2	4.6

Capital management

The Corporation's primary objective in managing capital is to maintain an optimal capital base in order to support the capital requirements of its various businesses, including growth opportunities.

In managing its capital structure, the Corporation takes into account the asset characteristics of its subsidiaries and planned requirements for funds, leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of financing. Management of the capital structure involves the issuance and repayment of debt, the issuance and repurchase of shares, the use of cash flows generated by operations, and the level of distributions to the shareholder. The Corporation has not significantly changed its strategy regarding the management of its capital structure since the last financial year.

The Corporation's capital structure is composed of equity, bank indebtedness, long-term debt, lease liabilities, derivative financial instruments, cash and cash equivalents and promissory note to the parent corporation. The capital structure as of December 31, 2020 and 2019 is as follows:

Table 13
Capital structure of the Corporation
(in millions of Canadian dollars)

	<u>2020</u>	<u>2019</u>
Bank indebtedness	\$ —	\$ 7.1
Long-term debt	4,111.5	4,240.2
Lease liabilities	142.3	114.2
Derivative financial instruments	(325.3)	(388.8)
Cash and cash equivalents	(74.0)	(2.4)
Promissory note to the parent corporation	(160.0)	(160.0)
Net liabilities	<u>3,694.5</u>	<u>3,810.3</u>
Equity	\$ 188.5	\$ 121.5

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, intercorporation 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 that are pending. At this stage of proceedings, management of the Corporation is in the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position. Generally, management of the Corporation establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to these legal proceedings.

On August 15, 2019, the CRTC issued an order finalizing the rates, retroactively to March 31, 2016, at which the large cable and telephone companies provide aggregated wholesale access to their high-speed Internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation's consolidated financial statements. The new proposed rates are substantially lower than the interim rates and could represent a reduction in earnings of approximately \$30.0 million (before income taxes) for the year 2020 and a retrospective reduction of approximately \$52.0 million (before income taxes) from March 31, 2016 to December 31, 2019. On September 28, 2020, the CRTC approved a request from a coalition of cable companies (including Videotron) to stay the implementation of the order pertaining to final rates, pending its final determination on the review and vary requests. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

Critical Accounting Policies and Estimates

Revenue recognition

The Corporation accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

The portion of revenues that is invoiced and unearned is presented as "Deferred revenue" in the consolidated balance sheets. Deferred revenue is usually recognized as revenue in the subsequent year.

The Corporation provides services under multiple deliverable arrangements, mainly for mobile contracts in which the sale of mobile devices is bundled with telecommunication services over the contract term. The total consideration from a contract with multiple deliverables is allocated to all performance obligations in the contract based on the stand-alone selling price of each obligation. The total consideration is generally comprised of an upfront fee for the equipment sale and a monthly fee for the telecommunication service. Each performance obligation of multiple deliverable arrangements is then separately accounted for based on its allocated consideration amount.

The Corporation does not adjust the amount of consideration allocated to the equipment sale for the effects of a financing component since this component is not significant.

The Corporation recognizes each of its main activities' revenues as follows:

- operating revenues from subscriber services, such as television distribution, Internet access, wireline and mobile telephony, and OTT video services are recognized when services are provided;
- revenues from equipment sales to subscribers are recognized when the equipment is delivered;
- operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided; and
- wireline connection and mobile activation revenues are deferred and recognized respectively as revenues over the period of time the customer is expected to remain a customer of the Corporation and over the contract term.

When a mobile device and a service are bundled under a single mobile contract, the term of the contract is generally 24 months.

The portion of mobile revenues earned without being invoiced is presented as contract assets in the consolidated balance sheets. Contract assets are realized over the term of the contract.

Impairment of assets

For the purposes of assessing impairment, assets are grouped in CGUs, which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Corporation reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

The Corporation uses the discounted cash flow method to estimate the recoverable amount, consisting of future cash flows derived primarily from the most recent budget and three-year strategic plan approved by the Corporation's management and presented to the Board of Directors. These forecasts consider each CGU's past operating performance and market share as well as economic trends, along with specific and market industry trends and corporate strategies. A perpetual growth rate is used for cash flows beyond this three-year period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of: (i) the time value of money; and (ii) the risk specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate has been determined with regard to the specific markets in which the CGUs participate.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the consolidated statement of income to the extent that the resulting carrying value does not exceed the carrying value that would have been the result had no impairment loss been recognized previously.

When determining the recoverable amount of an asset or CGU, assessment of the information available at the valuation date is based on management's judgment and may involve estimates and assumptions. Furthermore, the discounted cash flow method used in determining the recoverable amount of an asset or CGU relies on the use of estimates such as the amount and timing of cash flows, expected variations in the amount or timing of those cash flows, the time value of money as represented by the risk-free rate, and the risk premium associated with the asset or CGU. Therefore, the judgment used in determining the recoverable amount of an asset or CGU may affect the amount of the impairment loss to be recorded to an asset or CGU, as well as the potential reversal of the impairment charge in the future.

Based on the data and assumptions used in its last impairment test, the Corporation believes that there is no significant amount of long-lived assets with finite useful lives, or goodwill and intangible assets with indefinite useful lives on its books at this time that present a significant risk of impairment in the near future.

The net book value of goodwill as at December 31, 2020 was \$538.1 million, and the net book value of intangible assets with indefinite useful lives as at December 31, 2020 was \$731.6 million.

Indefinite useful life of spectrum licences

Management has concluded that spectrum licences have an indefinite useful life. This conclusion was based on an analysis of factors, such as the Corporation's financial ability to renew the spectrum licences, the competitive, legal and regulatory landscape, and future expectations regarding the use of the spectrum licences. The determination that spectrum licences have an indefinite useful life therefore involves judgment, which could have an impact on the amortization charge recorded in the consolidated statements of income if management were to change its conclusion in the future.

Derivative financial instruments and hedge accounting

The Corporation uses various derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Corporation does not hold or use any derivative financial instruments for speculative purposes. Under hedge accounting, the Corporation documents all hedging relationships between hedging instruments and hedged items, as well as its strategy for using hedges and its risk-management objective. It also designates its derivative financial instruments as either fair value hedges or cash flow hedges when they qualify for hedge accounting. The Corporation assesses the effectiveness of its hedging relationships at initiation and on an ongoing basis.

The Corporation generally enters into the following types of derivative financial instruments:

- The Corporation uses foreign exchange forward contracts to hedge foreign currency rate exposure on anticipated equipment or inventory purchases in a foreign currency. These foreign exchange forward contracts are designated as cash flow hedges.
- The Corporation uses cross-currency interest rate swaps to hedge (i) foreign currency rate exposure on interest and principal payments on foreign currency denominated debt and/or (ii) fair value exposure on certain debt resulting from changes in interest rates. The cross-currency interest rate swaps that set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting an interest rate from a floating rate to a floating rate or from a fixed rate to a fixed rate, are designated as cash flow hedges. The cross-currency interest rate swaps are designated as fair value hedges when they set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting the interest rate from a fixed rate to a floating rate.
- The Corporation has established a hedge ratio of one for one for all its hedging relationships as underlying risks of its hedging derivatives are identical to the hedged item risks.

The Corporation measures and records the effectiveness of its hedging relationships as follows:

- For cash flow hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of a hypothetical derivative that simulates the hedged item's cash flows.
- For fair value hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of the hedged item attributable to the hedged risk.
- Most of the Corporation's hedging relationships are not generating material ineffectiveness. The ineffectiveness, if any, is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Under hedge accounting, the Corporation applies the following accounting policies:

- For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging derivative recorded in income are substantially offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When a fair value hedge is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to income over the remaining term of the original hedging relationship.
- For derivative financial instruments designated as cash flow hedges, the effective portion of a hedge is reported in "other comprehensive income" until it is recognized in income during the same period in which the hedged item affects income, while the ineffective portion is immediately recognized in income. When a cash flow hedge is discontinued, the amounts previously recognized in "accumulated other comprehensive income" are reclassified to income when the variability in the cash flows of the hedged item affects income.

Any change in the fair value of derivative financial instruments recorded in income is included in gain or loss on valuation and translation of financial instruments. Interest expense on hedged long-term debt is reported at the hedged interest and foreign currency rates.

Derivative financial instruments that do not qualify for hedge accounting, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts, are reported on a fair value basis in the consolidated balance sheets. Any change in the fair value of these derivative financial instruments is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Pension plans and postretirement benefits

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

The Corporation's defined benefit obligations with respect to defined benefit pension plans and postretirement benefits are measured at present value and assessed on the basis of a number of economic and demographic assumptions, which are established with the assistance of the Corporation's actuaries. Key assumptions relate to the discount rate, the rate of increase in compensation, retirement age of employees, healthcare costs, and other actuarial factors. Defined benefit pension plan assets are measured at fair value and consist mainly of equities and corporate and government fixed-income securities.

Re-measurements of the net defined benefit liability or asset are recognized immediately in other comprehensive (loss) income and in accumulated other comprehensive (loss) income attributable to shareholder.

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent that the Corporation can unilaterally reduce those future contributions. In addition, an adjustment to the net benefit asset or the net benefit liability can be recorded to reflect a minimum funding liability in a certain number of the Corporation's pension plans. The assessment of the amount recoverable in the future and the minimum funding liability, is based on a number of assumptions, including future service costs and future plan contributions.

The Corporation considers all the assumptions used to be reasonable in view of the information available at this time. However, variances from certain of those assumptions may have a significant impact on the costs and obligations of pension plans and postretirement benefits in future periods.

Stock-based compensation

Stock-based awards to employees that call for settlement in cash, as deferred share units ("DSUs") or performance share units ("PSUs"), or that call for settlement in cash at the option of the employee, as stock option awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation cost.

The fair value of DSUs and PSUs is based on the underlying share price at the date of valuation. The fair value of stock option awards is determined by applying an option pricing model, taking into account the terms and conditions of the grant and assumptions such as the risk-free interest rate, distribution yield, expected volatility, and the expected remaining life of the option.

Provisions

Provisions are recognized when: (i) the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and when (ii) the amount of the obligation can be reliably estimated. Restructuring costs, comprised primarily of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected, that the plan will be carried out.

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

The amount recognized as a provision is the best estimate of the expenditures required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time and it is adjusted for the effect of time value when material. The amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any indemnity or penalty arising from failure to fulfill those obligations.

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

Contract costs

Incremental and direct costs, such as costs to obtain a contract, mainly sales commissions, or the cost of connecting a subscriber to the Corporation's telecommunication network are included in contract costs and amortized over the period of time the customer is expected to maintain its service or over the contract term. The amortization of contract costs is included in purchase of goods and services in the consolidated statements of income.

Provision for expected credit losses

The Corporation maintains a provision to cover anticipated credit losses from customers who are unable to pay their debts. The provision is reviewed periodically considering the specific credit risk of its customers, the expected lifetime of its financial assets historical trends and economic conditions.

Business acquisition

A business acquisition is accounted for by the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can be comprised of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the business acquired are recognized at their fair value at the acquisition date. Goodwill initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed.

Determining the fair value of certain acquired assets, assumed liabilities and future contingent considerations requires judgment and involves complete and absolute reliance on estimates and assumptions. The Corporation primarily uses the discounted future cash flows approach to estimate the value of acquired intangible assets.

The estimates and assumptions used in the allocation of the purchase price at the date of acquisition may also have an impact on the amount of an impairment charge to be recognized, if any, after the date of acquisition, as discussed above under "Impairment of assets."

Contingent considerations and future conditional adjustments

Contingent considerations and future conditional adjustments arising from business acquisition or disposal are measured and accounted for at their fair value. The fair value is estimated based on a present value model requiring management to assess the probabilities that the conditions on which the contingent considerations or the future conditional adjustments are based will be met in the future. The assessment of these contingent and conditional potential outcomes requires judgment from management and could have an impact on the initial amount of contingent considerations or future conditional adjustments recognized and on any subsequent changes in fair value recorded in the consolidated statements of income.

Interpretation of laws and regulations

Interpretation of laws and regulation, including those of the CRTC and tax regulations, requires judgment from management and could have an impact on revenue recognition, provisions, income taxes and capital expenditures in the consolidated financial statements.

Tax credits and government assistance

The Corporation receives tax credits mainly related to its research and development activities and has access to a government program designed to support large investment projects. Government financial assistance is accounted for as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are being met.

Income taxes

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be reduced subsequently, if necessary, to an amount that is more likely than not to be realized.

The assessment of deferred income taxes is judgmental in nature and is dependent on assumptions and estimates as to the availability and character of future taxable income. The ultimate amount of deferred income tax assets realized could be slightly different from that recorded, since it is influenced by the Corporation's future operating results.

The Corporation is under audit at all times by various tax authorities in each of the jurisdictions in which it operates. A number of years may elapse before a particular matter for which management has established a reserve is audited and resolved. The number of years between each tax audit varies depending on the tax jurisdiction. Management believes that its estimates are reasonable and reflect the probable outcome of known tax contingencies, although the outcome is difficult to predict.

Leases

The Corporation recognizes, for most of its leases, a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the term lease, less incentive payment received, using the Corporation's incremental borrowing rate at that date or interest rate implicit in the lease. The term of the lease is comprised of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interests on lease liabilities are recorded in the consolidated statements of income as financial expenses and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

NON-IFRS FINANCIAL MEASURES

The financial measures not standardized under IFRS that are used by the Corporation to assess its financial performance, such as adjusted EBITDA and cash flows from operations, are not calculated in accordance with, or recognized by IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted EBITDA

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

Table 14 provides a reconciliation of adjusted EBITDA to net income as disclosed in the Corporation's consolidated financial statements. The consolidated income statements data for the three-month periods ended December 31, 2020 and 2019 presented in Table 14 is drawn from the Corporation's unaudited quarterly consolidated financial statements.

Table 14

Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the consolidated financial statements
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Adjusted EBITDA:	\$ 1,864.4	\$ 1,802.8	\$ 1,714.4	\$ 481.7	\$ 462.5
Depreciation and amortization	(743.8)	(685.6)	(691.3)	(197.5)	(169.3)
Financial expenses	(208.5)	(200.0)	(189.2)	(49.0)	(51.5)
Loss on valuation and translation of financial instruments	(1.2)	(0.6)	(0.7)	(0.8)	(1.8)
Restructuring of operations and other items	(29.4)	(20.2)	(17.2)	(4.2)	(1.9)
Income taxes	(187.9)	(179.1)	(166.2)	(45.7)	(36.1)
Income from discontinued operations	34.8	115.9	3.9	(0.7)	—
Net income	\$ 728.4	\$ 833.2	\$ 653.7	\$ 183.8	\$ 201.9

Cash flows from operations

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

Tables 15 and 16 provide a reconciliation of cash flows from operations to cash flows provided by continuing operating activities reported in the consolidated financial statements. The consolidated financial information for the three-month periods ended December 31, 2020 and 2019 presented in Table 15 and 16 is drawn from the Corporation's unaudited quarterly consolidated financial statements.

Table 15
Cash flows from operations
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Adjusted EBITDA	\$ 1,864.4	\$ 1,802.8	\$ 1,714.4	\$ 481.7	\$ 462.5
Additions to property, plant and equipment ¹	(402.1)	(459.2)	(517.4)	(103.9)	(127.2)
Additions to intangible assets ²	(194.0)	(218.7)	(202.9)	(60.7)	(86.8)
Cash flows from operations	\$ 1,268.3	\$ 1,124.9	\$ 994.1	\$ 317.1	\$ 248.5

¹ **Reconciliation to cash flows used for additions to property, plant and equipment as per consolidated financial statements:**

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Additions to property, plant and equipment	\$ (402.1)	\$ (459.2)	\$ (517.4)	\$ (103.9)	\$ (127.2)
Net (decrease) increase in current non-cash items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	(27.1)	(17.6)	4.2	(13.1)	11.5
Cash flows used for additions to property, plant and equipment	\$ (429.2)	\$ (476.8)	\$ (513.2)	\$ (117.0)	\$ (115.7)

² **Reconciliation to cash flows used for additions to intangible assets as per consolidated financial statements:**

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Additions to intangible assets	\$ (194.0)	\$ (218.7)	\$ (202.9)	\$ (60.7)	\$ (86.8)
Net increase in current non-cash items related to additions to intangible assets (excluding government credits receivable for major capital projects)	13.8	6.4	12.7	47.4	21.0
Acquisitions of spectrum licences	–	(255.8)	–	–	–
Cash flows used for additions to intangible assets	\$ (180.2)	\$ (468.1)	\$ (190.2)	\$ (13.3)	\$ (65.8)

Table 16**Cash flows from operations and cash flows provided by continuing operating activities reported in the consolidated financial statements**

(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2020	2019	2018	2020	2019
Cash flows from operations from Table 15	\$ 1,268.3	\$ 1,124.9	\$ 994.1	\$ 317.1	\$ 248.5
Plus					
Additions to property, plant and equipment	402.1	459.2	517.4	103.9	127.2
Additions to intangible assets	194.0	218.7	202.9	60.7	86.8
Adjusted EBITDA	<u>1,864.4</u>	<u>1,802.8</u>	<u>1,714.4</u>	<u>481.7</u>	<u>462.5</u>
Plus (minus)					
Cash portion of financial expenses	(202.7)	(194.9)	(184.9)	(47.7)	(50.0)
Cash portion related to restructuring of operations and other items	(21.0)	(4.9)	(4.3)	(3.1)	(1.9)
Current income taxes	(188.5)	(94.9)	(145.4)	(24.1)	11.8
Other	2.4	4.7	3.2	(0.4)	1.9
Net change in non-cash balances related to operating activities	(2.8)	(197.5)	145.1	(43.6)	(2.0)
Cash flows provided by continuing operating activities	\$ <u>1,451.8</u>	\$ <u>1,315.3</u>	\$ <u>1,528.1</u>	\$ <u>362.8</u>	\$ <u>422.3</u>

KEY PERFORMANCE INDICATORS

Revenue-generating unit

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

Average billing per unit

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

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

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

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 11, 2021:

Name and Municipality of Residence	Age	Position
THE RIGHT HONOURABLE BRIAN MULRONEY, P.C., C.C., LL.D. Montréal, Québec	82	Director and Chair of the Board
CHANTAL BÉLANGER, FCPA-FCGA, ASC-C.DIR ⁽¹⁾ Blainville, Québec	68	Director
ANDRÉ P. BROSSEAU ⁽¹⁾ Montréal, Québec	59	Director
MICHÈLE COLPRON, FCPA, FCA, ASC ⁽¹⁾ Saint-Lambert, Québec	57	Director
SYLVIE LALANDE, ASC-C.DIR Lachute, Québec	70	Director
NORMAND PROVOST ⁽¹⁾ Brossard, Québec	66	Director and Chair of the Audit and Risk Management Committee
JEAN-FRANÇOIS PRUNEAU Montréal, Québec	50	President and Chief Executive Officer
JEAN NOVAK Knowlton, Québec	57	President, Videotron Business Solution
PHILIPPE CLOUTIER Candiac, Québec	46	Senior Vice President and Chief Financial Officer
PIERRE BONIN Montréal West, Québec	58	Chief Information Officer
SYLVAIN BROSSEAU Varenes, Québec	58	Senior Vice President, Operations, Customer Service
MOHAMED DRIF Montréal, Québec	54	Senior Vice President and Chief Technology Officer
BERTRAND HÉBERT Boucherville, Québec	54	Senior Vice President and Chief Marketing Officer
ELODIE GIRARDIN-LAJOIE St-Lambert, Québec	40	Vice President, Corporate Affairs
ANTOINETTE NOVIELLO Laval, Québec	51	Vice President and Corporate Controller

Name and Municipality of Residence	Age	Position
JEAN-FRANÇOIS PARENT Nuns' Island, Québec	41	Vice President and Treasurer
MARIE-HÉLÈNE PELLETIER Montréal, Québec	51	Vice President, Human Resources and Business Model Evolution

(1) Member of the Audit and Risk Management Committee

The Right Honourable Brian Mulroney, P.C., C.C., LL.D, Director and Chairman of the Board. Mr. Mulroney was appointed as Director and Chairman of the Board of Videotron on June 19, 2014. He has been a Director of Quebecor Media since January 31, 2001 and Director of Quebecor since 1999. He was appointed Chairman of the Board of Quebecor on June 19, 2014 and of Quebecor Media on May 8, 2018. He also acted as Chairman of the Board of Quebecor Media from June 19, 2014 until February 15, 2017. Since 1993, Mr. Mulroney has been a Senior Partner with the law firm Norton Rose Fulbright Canada LLP (formerly Ogilvy Renault LLP) in Montréal, Québec. Mr. Mulroney practiced law before assuming the presidency of Iron Ore Company of Canada. He subsequently entered politics as Leader of the Progressive Conservative Party which he led to victory in September 1984. He was Prime Minister of Canada until 1993. He then returned to the practice of law and joined the well-established international law firm of Norton Rose Fulbright Canada based in Montréal. He was, until May 2019, Director, Chair of the Compensation Committee and member of the Corporate Governance Committee of Wyndham Worldwide Corporation. Mr. Mulroney is Chair of the Board of the International Advisory Council of Barrick Gold Corporation. He serves as a Director of Acreage Holdings, Inc. and The Blackstone Group L.P. He is also Companion of the Order of Canada as well as *Grand Officier de l'Ordre national du Québec*.

Chantal Bélanger, Director and member of the Audit and Risk Management Committee. Ms. Bélanger has been a Director and member of the Audit and Risk Management Committee of Videotron, Quebecor and Quebecor Media since May 8, 2018. At the Laurentian Bank, where she held various positions from 1986 to 2006, she was Senior Vice President of Personal Banking Services for Québec, where she previously held the positions of Ombudsman and Director of Internal Audits and Information Systems. From 2012 to 2019, she was a Director, Vice President of the Board, Chair of the Internal Audit Committee and the Portfolio Valuation Committee and served on the Governance and Human Resources Committee at Capital régional et coopératif Desjardins. She was a Director and member of various board committees at Ovivo Inc. from 2011 to 2016, the year it was privatized. She was a Director and Chair of the Audit Committee at the Régie des Rentes du Québec from 2009 to 2015 and a Director at the Institut des administrateurs de sociétés from 2009 to 2013. She was a Director, Chair of the Audit Committee and a member of several committees for the Société des Alcools du Québec from 2002 to 2010. Ms. Bélanger has been a Director at the Société de services financiers Fonds FMOQ Inc. since 2014 and chairs its Audit Committee. Ms. Bélanger is a Fellow of the *Ordre des comptables professionnels agréés du Québec* (FCPA, FCGA) and holds a certificate in Corporate Governance from the CAS. She is also a qualified corporate Director (ASC). Ms. Bélanger has been the Chair of the Board of the CAS since September 2017 and has served on its board since 2016. Ms. Bélanger currently serves as a Director, Chair of the Audit Committee and member of the Human Resources and Compensation Committee and of the Corporate Governance Committee of Lassonde Industries Inc.

André P. Brosseau, Director and member of the Audit and Risk Management Committee. Mr. Brosseau has been a Director and member of the Audit and Risk Management Committee of Videotron, Quebecor and Quebecor Media since May 12, 2016. He has also been a member of the Human Resources and Corporate Governance Committee of Quebecor and Quebecor Media since May 2017 and has been Chairman of the Executive Committee of Quebecor Media since May 2018. Mr. Brosseau is Chairman of the Board and Chief Executive Officer of Du Musée Investments Inc. (formerly Avenue Capital Markets BNB Inc.), a Family Office with private investments in Canada, the United States and Brazil that he founded in 2010. He currently serves as a Director, Chair of the Audit Committee and Chair of the Compensation Committee for DMD Digital Health Connections Group Inc., a company of which he is one of the five founders, and that provides digital solutions for pharmaceutical companies. Mr. Brosseau is also an advisor and owner of Quintess (formerly Grupo Cimcorp Brazil), an IT company specializing in outsourcing and telecommunication infrastructure management. Mr. Brosseau was President of Blackmont Capital Markets in Toronto until June 2009 and then served as Chair of Québec Capital Markets until May 2010. From 1994 to 2007, he held various executive positions with CIBC, mostly based in Toronto. Most recently he was Co-Head of Canadian Cash Equities and of Global Cash Equities at CIBC World Markets Inc., as well as a member of the Executive Committee. Mr. Brosseau holds a bachelor's degree (B.Sc.) in Politics and a master's degree (M.Sc.) in Political Science from the Université de Montréal.

Michèle Colpron, Director and member of the Audit and Risk Management Committee. Ms. Colpron has been a Director of Videotron since May 14, 2020. She has served as a Director of Quebecor and Quebecor Media since March 11, 2020. Ms. Colpron has been a member of the Audit and Risk Management Committee of Quebecor, Quebecor Media and Videotron since May 14, 2020. Ms. Colpron has over 30 years experience in leadership roles in the financial services industry. She held senior positions from 2000 to 2012 at Caisse de dépôt et placement du Québec where she was Senior Vice President, Financial Management. She also was Vice President, Investment Administration and Vice President, Finance and Administration Private Equity. From 1993 to 1999, Ms. Colpron held senior positions as Chief Financial Officer at Merrill Lynch Bank (Suisse) S.A. and Finance and Human Resources Manager of Standard Chartered Bank (Switzerland) S.A. Her foray into the international business began in 1989 with Ernst & Young in London followed by Hong Kong in 1991 until 1993 as audit manager. Ms. Colpron has been a member of the Boards of Directors of Fonds de solidarité FTQ since 2012, the Canada Infrastructure Bank since 2017 and the Investment Industry Regulatory Organization of Canada (IIROC) since 2017. She has been Vice Chair of the Board of Directors of IIROC since 2020. She is a member of various committees of these Boards and is Chair of a Finance and Audit Committee, Chair of a Human Resources and Pension Committee, and Chair of a Financial Asset Management Committee. She was also Vice Chair, corporate Director and member of various committees of the Professional Insurance Liability Fund of the Barreau of Québec between 2012 and 2020. Ms. Colpron is Fellow of the *Ordre des comptables professionnels agréés du Québec* (FCPA, FCA). She is also a qualified corporate director (ASC).

Sylvie Lalande, Director. Ms. Lalande has been a Director of Videotron since July 2014 and of Quebecor Media since May 2013. She has served as a Director of Quebecor since May 2011. She was appointed as Lead Director of Quebecor and Quebecor Media on November 8, 2017, as Vice Chair on May 8, 2018 and as Chair of the Human Resources and Corporate Governance Committee on May 12, 2016. She has been a Director of TVA Group since December 2001 and was appointed as Chair of the Board on March 10, 2014. She has also served as Chair of the Human Resources and Corporate Governance Committee of TVA Group since May 2013. She held several senior positions in the media, marketing, communication marketing and corporate communications sectors. Until October 2001, she was the Chief Communications Officer of Bell Canada. From 1994 to 1997, she was President and Chief Executive Officer of UBI Consortium, a consortium formed to develop and manage interactive and transactional communication services. From 1987 to 1994, she occupied several senior positions at TVA Group and at Le Groupe Vidéotron ltée. Ms. Lalande began her career in the radio industry, after which she founded her own consultation firm. In 2006, Ms. Lalande earned an university certificate in corporate governance from the Collège des administrateurs de sociétés de l'Université Laval (CAS). She is also a qualified corporate director (ASC). Ms. Lalande was Director, Lead Director and Chair of the Corporate Governance and Human Resources Committee of Ovivo Inc. until its privatisation in September 2016. From November 2013 to September 2017, Ms. Lalande was Chair of the Board of the CAS. From April 2017 to December 2019, she was Chair of the Board of Capital régional et coopératif Desjardins.

Normand Provost, Director and Chair of the Audit and Risk Management Committee. Mr. Provost has been a Director of Videotron since June 2014. He has served as a Director of Quebecor Media since July 2004 and a Director of Quebecor since May 2013. He has also served as a member of the Audit and Risk Management Committee of Videotron, Quebecor and Quebecor Media since June 2014 and as Chair since May 2018. From May 2014 to December 2015, he was Assistant to the President of the Caisse de dépôt et placement du Québec (CDPQ), one of the largest institutional fund managers in Canada and North America. Between October 2003 and May 2014, he was Executive Vice-President, Equity of CDPQ. Mr. Provost joined CDPQ in 1980 and has held several positions within the institution, ranging from Advisor and Investment Manager, specializing in midsize businesses, to President of the subsidiary CDP Capital d'Amérique Investissements inc. In addition to his responsibilities in the investment sector, Mr. Provost served as Chief Operating Officer of CDPQ from April 2009 to March 2012 and was also a member of the executive committee. Between September 2009 and May 2014, he assumed the leadership of all CDPQ's initiatives in Québec. He serves on the Supervisory Board and on the Compensation and Human Resources Committee of Groupe Kéolis S.A.S., and chairs its Audit and Risk Management Committee since September 2020. Since March 2015, Mr. Provost also serves on the Board of Directors and chairs the Investment Committee of Desjardins Financial Security. From January 2018 to December 2019, Mr. Provost was a member of the Board of Directors of Investissement Québec and the Chairman of its Risk Management Committee. Since January 2019, Mr. Provost is Chairman of the Board of Groupe Germain.

Jean-François Pruneau, President and Chief Executive Officer. In January 2019, Mr. Pruneau was appointed President and Chief Executive Officer of Videotron. From 2010 to 2018, he was Senior Vice President and Chief Financial Officer of Quebecor and Quebecor Media. He joined Quebecor Media in May 2001 and served, in turn, as Director of Corporate Financing, Assistant Treasurer, Treasurer, and Vice President, Finance of Quebecor, Quebecor Media, Videotron and Sun Media Corporation. He was Associate Director of BCE Media Inc. from 1999 to 2001 and served as Corporate Finance Officer at Canadian National Railway from 1997 to 1999. Mr. Pruneau holds an M.Sc. in Finance from HEC Montréal and has been a member of the Montréal chapter of the CFA Institute since 2000.

Jean Novak, President, Videotron Business Solution. Mr. Novak was appointed to his current position in September 2018. From August 2014 to September 2018, he was President, Videotron Business, President Le SuperClub Vidéotron ltée, and Senior Vice President, Sales Network and Retail Sector. From May 2013 to August 2014, he was President, Videotron Business and Senior Vice-President, Sales Channel. 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 HEC Montréal.

Philippe Cloutier, Senior Vice President and Chief Financial Officer. Mr. Cloutier was appointed to his current position in June 2017. Prior to joining Videotron, Mr. Cloutier spent fifteen years in the printing and media industry where he held several executive positions including overall leadership of the Canadian subsidiaries of Quad/Graphics (formerly known as Quebecor World) and Reader's Digest. Mr. Cloutier holds an MBA from McGill University, a bachelor's degree in Business from HEC Montréal and has also completed successfully all three levels of the CFA charterholder.

Pierre Bonin, Chief Information Officer. Mr. Bonin was promoted Chief Information Officer in January 2016 from his previous position as Vice President, Information Technology, a position he held since 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 had been actively involved in the data center industry through various investments and ventures. Prior to 2005, Mr. Bonin held various executive positions in the telecommunications 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 Montréal. 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.

Mohamed Drif, Senior Vice President and Chief Technology Officer. Mr. Drif was appointed to his current position in November 2018. Prior to that, he was Vice President and Chief Network Officer. From October 2016 to January 2018, he was Vice President, Engineering, Networks. Prior to that, he was Vice President, Engineering, Wireline Network and Project Management Office. He also served as General Manager; Network planning, Head Ends and Optics from 2008 to 2011. Mr. Drif joined Videotron in March 1999 as Supervisor Fibre Optics Management. He was appointed Director Fibre Network in June 2000, Director Network planning, Head Ends and Geomatic in January 2002 and Senior Director Network Planning, Head Ends and Optics in February 2003. Mr. Drif previously worked at Cable Axion as Director of Engineering and has also worked in the field of software development in France. Mr. Drif holds a State Engineer degree from the University of Oran in Algeria. He is member of the *Ordre des ingénieurs du Québec*.

Bertrand Hébert, Senior Vice President and Chief Marketing Officer. Mr. Hébert was appointed to his current position in September 2018. In addition to his marketing duties, Mr. Hébert is also responsible for the Sales Network and the Retail Sector. From September 2014 to September 2018, he was Vice President, Marketing. Prior to that, he was General Manager, Marketing for the mobile sector. From March 2009 to March 2012, he was General Manager, Marketing & Product Development for residential telephony services. Mr. Hébert joined Videotron in April 2007 as Senior Manager, Marketing & Product Development. He was one of the architects of the roll-out of Videotron's residential telephony service. He also contributed to the roll-out of Ultimate Speed Internet. Prior to joining the Corporation, Mr. Hébert held different positions in product management in the telecommunications and financial sector. Mr. Hébert graduated from Université de Sherbrooke with a degree in Electrical Engineering.

Élodie Girardin-Lajoie, Vice President, Corporate Affairs. Ms. Girardin-Lajoie has been Vice-President, Corporate Affairs since May 2018. She was previously Director of Internal Communications, Senior Public Relations Advisor and Media Relations Specialist in the Communications Department. As Vice President, Corporate Affairs, Ms. Girardin-Lajoie is responsible for developing and executing positioning and promotional strategies for Videotron and its partners. Before joining Videotron, Ms. Girardin-Lajoie worked as a political staffer, including four years as Press Secretary in the Office of the Leader of the Official Opposition in Québec City. She holds a Bachelor's degree in public relations from Université Laval.

Antoinette Noviello, Vice President and Corporate Controller. Ms. Noviello was appointed to her current position in June 2017. From 2015 to June 2017, she was General Manager and Corporate Controller. Prior to joining Videotron in 2015, Ms. Noviello held key financial functions in other subsidiaries within the Quebecor group, including Sun Media Corporation. From 2000 to 2011, she held Vice-President Finance positions in a printing and manufacturing entity operating in Québec and Ontario, as well as in a productivity management consulting firm operating in North America. Ms. Noviello holds an Executive MBA from McGill-HEC Montréal. She holds a Bachelors' degree in Accounting and MIS, a Graduate Diploma in Public Accountancy, as well as a Graduate Certificate in Treasury-Finance from McGill University. She is a Chartered Professional Accountant (CPA) and a member of the *Ordre des comptables professionnels agréés du Québec* as well as an executive member of FEI Canada, Québec chapter.

Jean-François Parent, Vice President and Treasurer. Mr. Parent was appointed Vice President and Treasurer in December 2018. He has also served as Vice President and Treasurer of Quebecor and Quebecor Media since December 2018. Prior to that date, he was Senior Director Financing and M&A of Quebecor Media. Mr. Parent joined Quebecor Media in 2006 and has assumed various responsibilities in treasury, corporate finance and mergers and acquisitions since then. Mr. Parent holds a M.Sc. in Finance from Université de Sherbrooke and is a member of the Montréal chapter of the CFA Institute and a member of the *Ordre des comptables professionnels agréés du Québec*.

Marie-Hélène Pelletier, Vice President, Human Resources and Business Model Evolution. Ms. Pelletier was appointed Vice President, Human Resources and Business Model Evolution in May 2019. She joined Videotron as Vice President, Procurement in September 2015. Prior to joining Videotron, she was Vice President, Supply Chain Business Aircraft at Bombardier Aerospace, where she occupied several leadership positions within supply chain in terms of operations, new aircraft management and strategy. Mrs. Pelletier has extensive experience in supply chain and organizational transformation within the aerospace and telecommunication industries. As member of the Québec Bar, Ms. Pelletier holds a Law degree from Ottawa University, as well as an MBA from HEC Montréal.

B- Compensation

Our Directors do not receive any remuneration for acting in their capacity as directors of Videotron. Since July 1, 2013, the Chairman of our Audit and Risk Management Committee receives an annual fee of \$25,000 while the other three 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 and Risk Management Committee. During the financial year ended December 31, 2020, the amount of compensation (including benefits in kind) paid to four of our directors for services in all capacities to Videotron and its subsidiaries was \$51,319. 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, 2020 to our executive officers as a group, excluding those who are also executive officers of, and compensated by, Quebecor Media, was approximately \$6.5 million, including salaries, bonuses and benefits in kind.

Quebecor Media's Stock Option Plan

Under a stock option plan established by Quebecor Media, 6,180,140 common shares of Quebecor Media (representing 7.8% of all of the outstanding common shares of Quebecor Media) have been set aside for Directors, officers, senior employees, and other key employees of Quebecor Media and its subsidiaries, 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 the common shares of Quebecor Media at the date of grant, as determined by its Board of Directors (if the common shares of Quebecor Media are not listed on a stock exchange at the time of the grant) or the 5-day weighted average closing price ending on the day preceding the date of grant of the common shares of Quebecor Media on the stock exchange(s) where such shares are listed at the time of grant, as applicable. For so long as the shares of Quebecor Media are not listed on a recognized stock exchange, optionees may exercise their vested options during one of the following annual periods: from March 1 to March 30, from June 1 to June 29, from September 1 to September 29 and from December 1 to December 30. Holders of options under the plan have the choice at the time of exercising their options to receive an amount in cash equal to the difference between the fair market value of the common shares, as determined by 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 Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by Quebecor Media's Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first 33⅓% 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, 2020, no options were granted under this plan to officers and employees of Videotron. During the year ended December 31, 2020, a total of 16,500 options were exercised by officers and employees of Videotron, for aggregate gross value realized of \$0.9 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, 2020, an aggregate total of 30,000 options granted to Directors, officers and employees of Videotron (excluding Directors, officers and employees who are also Directors, officers or employees at multiple Quebecor Media group companies) remain outstanding, with a weighted average exercise price of \$64.31 per share. For more information on this stock option plan, refer to Note 19 to our audited consolidated financial statements included under "Item 18. Financial Statements" of this annual report.

No further grant of options is contemplated for the near future.

Quebecor's Stock Option Plan

Under a stock option plan established by Quebecor, 26,000,000 Quebecor Class B Shares have been set aside for Directors, officers, senior employees and other key employees of Quebecor and its subsidiaries, including Videotron. The exercise price of each option is equal to the weighted average trading price of Quebecor Class B Shares on the Toronto Stock Exchange over the last five trading days immediately preceding the grant of the option. Each option may be exercised during a period not exceeding ten years from the date granted. Options usually vest as follows: $\frac{1}{3}$ after one year, $\frac{2}{3}$ after two years, and 100% three years after the original grant. The Board of Directors of Quebecor may, at its discretion, affix different vesting periods at the time of each grant. Thus, since 2018, when granting options, the Board of Directors has determined that options would vest equally over three years with the first 33⅓% vesting on the third anniversary of the date of the grant. Holders of options under the Quebecor stock option plan have the choice, when they want to exercise their options, to acquire Quebecor Class B Shares at the corresponding option exercise price or to receive a cash payment from Quebecor equivalent to the difference between the market value of the underlying shares and the exercise price of the option. By signing the notice of grant they have received, holders of options have committed to obtaining Quebecor's consent before exercising their right to purchase the shares for which they wish to exercise their options.

During the year ended December 31, 2020, 555,000 options to purchase Quebecor Class B Shares were granted to 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 of companies). As of December 31, 2020, a total of 1,467,700 options to purchase Quebecor Class B Shares, with a weighted average exercise price of \$30.56 per share, were held by officers and employees of Videotron for acting in such capacity. The closing sale price of the Quebecor Class B Shares on the TSX on December 31, 2020, was \$32.76.

Quebecor's DSU and PSU plans

On July 13, 2016, Quebecor established a DSU plan and a performance shares unit (“PSU”) plan for its employees and those of its subsidiaries. Both plans are based on Quebecor Class B shares. The DSUs vest over six years and will be redeemed for cash only upon the participant’s retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B shares. As of December 31, 2020, an aggregate total of 63,990 DSUs and of no PSUs granted to officers of Videotron remain outstanding.

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) (the “**Tax Act**”), 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 Tax Act. An executive officer contributes to this plan an amount equals to 5.0% of his or her salary up to a maximum of \$8,114 as of December 31, 2020. Videotron changed this pension plan to a defined contribution plan for new employees hired on and after May 1, 2012. Videotron reserves the right, in exceptional circumstances, to override the above conditions in order to allow an executive officer to join the pension plan as of the date of hire or any subsequent date.

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 the average salary over the best five consecutive years of salary (including bonuses), multiplied by the number of years of membership in the plan as an executive officer. The pension benefits so calculated are payable at the normal retirement age of 65 years, or sooner at the election of the executive officer, and, from age 61, without early retirement reduction. In addition, the pension benefits may be deferred, but not beyond the age limit under the relevant provisions of the Tax Act, 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 Tax Act and is based on a maximum salary of \$162,278. An executive officer contributes to this plan an amount equals to 5.0% of his or her salary up to a maximum of \$8,114 as of December 31, 2020. 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. However, Quebecor Media reserves the right, in exceptional circumstances, to override the above conditions in order to allow an executive officer to join the pension plan as of the date of hire or any subsequent date. New employees are eligible to enroll in a retirement savings plan.

The total amount we contributed for the year ended December 31, 2020 to provide the pension benefits to our senior executives, as a group, was \$304,500. For a description of the amount set aside or accrued for pension plans and post-retirement benefits by us to all participants, refer to Note 26 to our audited consolidated financial statements for the year ended December 31, 2020 included under “Item 18. Financial Statements” of this annual report.

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

Compensation	Years of Participation				
	10	15	20	25	30
\$162,278	\$ 32,456	\$ 48,683	\$ 64,911	\$ 81,139	\$ 97,367

Liability Insurance

Quebecor Media 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 Media, which is then reimbursed by its subsidiaries, including Videotron, for their rateable portion thereof.

C- Board Practices

Reference is made to “A. Directors and Senior Management” above for the current term of office, if applicable, and the period during which our directors and senior management have served in that office.

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 six 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 and Risk Management Committee, but we do not have a compensation committee. The Human Resources and Corporate Governance Committee of Quebecor Media decides certain matters relating to the compensation of officers and employees of Videotron.

Audit and Risk Management Committee

Our Audit and Risk Management Committee is currently composed of four Directors, namely Ms. Chantal Bélanger, Ms. Michèle Colpron and Messrs. André P. Brosseau and Normand Provost. Mr. Provost is the Chair of our Audit and Risk Management Committee. Our Board of Directors has determined that more than one of the members of the Audit and Risk Management Committee is an “audit committee financial expert” as defined under SEC rules. See “Item 16A — Audit Committee Financial Expert”. Our Board of Directors has adopted the mandate of our Audit and Risk Management Committee in light of the Sarbanes-Oxley Act of 2002 and related SEC rulemaking. Our Audit and Risk Management Committee assists our Board of Directors in overseeing i) the effectiveness of internal and financial controls and reporting, ii) the quality and integrity of the presentation of the financial statements and financial information and iii) the processes of identifying and managing enterprise risks. Our Audit and Risk Management 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 and Risk Management Committee provides, among other things, that our Audit and Risk Management 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 and Risk Management 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 and Risk Management 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. At least every five years, our Audit and Risk Management Committee carries out an assessment of the external auditor. It also reviews and approves our Code of Ethics applicable to our President and Chief Executive Officer and principal financial officers. Lastly, it also reviews and oversees risk management, particularly including operational risks related to information technology, cybersecurity as well as financial, fraud and regulatory risks, and oversees the effectiveness of the measures put in place to control these risks.

D- Employees

At December 31, 2020, we had 6,538 employees. At December 31, 2019 and 2018, we had 6,493 and 6,637 employees, respectively. Substantially all of our employees are based and work in the Province of Québec. We had 3,753 unionized employees, and the terms of their employment are governed by one of our five regional collective bargaining agreements. The collective bargaining agreement covering 2,727 unionized employees in the Montréal region expired in December 2018. The negotiation phase is currently underway with this unit. There are also two collective bargaining agreements covering unionized employees in the Québec City (495 unionized employees) and Saguenay regions (235 unionized employees), with terms running through December 31, 2021, for which negotiations are in progress or will be undertaken in 2021. The collective bargaining agreement covering 251 unionized employees in the Gatineau region has been renewed until August 31, 2021.

The other collective bargaining agreement covering 45 unionized employees of our subsidiary, SETTE Inc., has expired on December 31, 2018. The negotiation phase is currently underway.

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 owns a 100% voting and equity interest in Quebecor Media. The primary asset of Quebecor, a communications holding company, is its interest in Quebecor Media.

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, 2020” and in Note 7, in Note 8 and in Note 25 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,		
	2020	2019	2018
	(in millions)		
<i>Ultimate Parent and Parent Corporation:</i>			
Revenues	\$ 0.4	\$ 0.5	\$ 0.6
Purchase of goods and services	9.6	9.9	9.4
Operating expenses recovered	(1.4)	(2.6)	(0.4)
<i>Corporations Under Common Control:</i>			
Revenues	4.9	5.5	5.0
Purchase of goods and services	95.7	123.2	105.5
Operating expenses recovered	1.4	(3.0)	(1.2)

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 \$41.0 million in 2020, \$50.0 million in 2019 and \$53.0 million in 2018. 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. These transactions were accounted for at the consideration agreed between the parties.

Income tax transactions

On December 18, 2020, 9346-9963 Québec Inc., a subsidiary of Quebecor Media, redeemed 1,700,000 preferred shares, Series L for a total cash consideration of \$1,700.0 million, and settled cumulative unpaid dividends of \$15.3 million. On the same day, the Corporation used the total proceeds of \$1,700.0 million to repay its subordinated loans contracted from Quebecor Media.

On November 12, 2020, the Corporation contracted a subordinated loan of \$1,700.0 million from Quebecor Media, bearing interest at a rate of 9.0%, payable every six months on June 20 and December 20, and maturing on November 12, 2050. On the same day, the Corporation invested the total proceeds of \$1,700.0 million into 1,700,000 preferred shares, Series L, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 9.1%, payable semi-annually.

On December 19, 2019, 9346-9963 Québec Inc., a subsidiary of Quebecor Media, redeemed 2,950,000 preferred shares, Series D for a total cash consideration of \$2,950.0 million, and settled cumulative unpaid dividends of \$56.3 million. On the same day, the Corporation used the total proceeds of \$2,950.0 million to repay its subordinated loans contracted from Quebecor Media.

On October 11, 2019, the Corporation contracted a subordinated loan of \$2,950.0 million from Quebecor Media, bearing interest at a rate of 10.0 %, payable every six months on June 20 and December 20, and maturing on October 11, 2049. On the same day, the Corporation invested the total proceeds of \$2,950.0 million into 2,950,000 preferred shares, Series D, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 10.1%, payable semi-annually.

On November 30, 2018, 9346-9963 Québec Inc., a subsidiary of Quebecor Media, redeemed 795,000 preferred shares, Series C for a total cash consideration of \$795.0 million, and settled cumulative unpaid dividends of \$34.1 million. On the same day, the Corporation used the total proceeds of \$795.0 million to repay its subordinated loans contracted from Quebecor Media

On February 27, 2018, the Corporation contracted a subordinated loan of \$2.39 billion from Quebecor Media, bearing interest at a rate of 9.5%, payable every six months on June 20 and December 20, and maturing on February 27, 2048. On the same day, the Corporation invested the total proceeds of \$2.39 billion into 2,390,000 preferred shares, Series C, of 9346-9963 Québec Inc. These shares carry the right to receive an annual dividend of 9.6%, payable semi-annually.

The above transactions were carried out for tax consolidation purposes of Quebecor Media and its subsidiaries 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, 2020” and in Note 8 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, 2020 and 2019, and our consolidated statements of income, comprehensive income, equity and cash flows for the years ended December 31, 2020, 2019 and 2018, 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 and our subsidiaries are involved in a number of legal proceedings against us which are pending. In the opinion of our management, the outcome of these proceedings is not expected to have a material adverse effect on our results or financial position.

Dividend Policy

During the years ended December 31, 2020, December 31, 2019 and December 31, 2018, we paid aggregate cash dividends on our common shares of \$611,000,000, \$266,000,000 and \$113,000,000, respectively. 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. In 2019, aggregate cash distributions in the form of a reduction of paid-up capital of our common shares were paid in the amount of \$465,000,000 by way of shareholders' resolution.

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, 2020.

ITEM 9 – THE OFFER AND LISTING

A- Offer and Listing Details

Not applicable.

B- Plan of Distribution

Not applicable.

C- Markets

Outstanding Notes

On January 22, 2021, following the close of the period covered by this annual report, we issued and sold \$650.0 million aggregate principal amount of our 3½% Senior Notes due January 15, 2031, in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On October 8, 2019, we issued and sold \$800.0 million aggregate principal amount of our 4½% Senior Notes due January 15, 2030, in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On April 13, 2017, we issued and sold US\$600.0 million aggregate principal amount of our 5½% Senior Notes due April 15, 2027, in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On September 15, 2015, we issued and sold \$375.0 million aggregate principal amount of our 5¾% Senior Notes due January 15, 2026, in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On April 9, 2014, we issued and sold US\$600.0 million aggregate principal amount of our 5½% Senior Notes due June 15, 2024, in private placements exempt from the registration requirement of the Securities Act and the prospectus requirements of applicable Canadian securities laws.

On June 17, 2013, we issued and sold \$400.0 million aggregate principal amount of our 5½% 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.

On March 14, 2012, we issued and 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.

We are the issuer of all of the Senior Notes. Our obligations under the Senior Notes and the related indentures are fully and unconditionally guaranteed (the “**Guarantees**”) by each of our subsidiaries other than those subsidiaries which represent, in the aggregate, less than 1% of our consolidated assets, liabilities, revenues, net income and intercompany balances. Since these non-guarantor subsidiaries are immaterial, our summarized financial information and that of the subsidiary guarantors, on a combined basis after elimination of intercompany transactions and balances among us and excluding investments in and equity in the earnings of non-guarantor subsidiaries, is not presented in this annual report.

Under the terms of the Guarantees, the subsidiary guarantors guarantee to each holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, as such term is defined in the applicable indenture, if any) due under the debt securities in accordance with each indenture. The Guarantees are the full, direct, unconditional, unsecured and unsubordinated general obligations of the subsidiary guarantors.

The Guarantees of a subsidiary guarantor will be terminated (and any subsidiary guarantor will automatically and unconditionally be released from all obligations under its Guarantee) at substantially the same time that (i) the relevant subsidiary guarantor is released from its guarantee of our credit facilities, or (ii) such subsidiary guarantor is sold or designated as an unrestricted subsidiary under the indentures. If the Guarantees by the subsidiary guarantors are released, we are not required to replace them, and the Senior Notes will have the benefit of fewer or no Guarantees for the remaining maturity of such debt securities.

There is currently no established trading market for our Senior Notes. There can be no assurance as to the liquidity of any market that may develop for our outstanding Senior Notes, the ability of the holders of any such Senior Notes to sell them or the prices at which any such sales may be made. We have not and do not presently intend to apply for a listing of our outstanding Senior Notes on any exchange or automated dealer quotation system.

The record holder of our 5% Senior Notes due 2022, our 5½% Senior Notes due 2024 and our 5½ Senior Notes due 2027 is Cede & Co., a nominee of The Depository Trust Company, and the record holder of our 5½% Senior Notes due 2025, our 5¼% Senior Notes due 2026, our 4½% Senior Notes due 2030 and our 3½% Senior Notes due 2031 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 January 4, 2018 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:

Since its coming into force on February 14, 2011, Videotron is governed by the *Business Corporations Act* (Québec). On January 4, 2018, Vidéotron ltée and 9370-5762 Québec inc. amalgamated, under the *Business Corporations Act* (Québec), into a single corporation using the name “Vidéotron Ltd.” (or “Vidéotron ltée” in French) with the Designating Number 1173288326. Previously, 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 “Vidéotron Ltd.” (or “Vidéotron ltée” in French) with the Designating Number 1163819882. 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 or an officer;
 - (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 of 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 meeting 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 ($\frac{2}{3}$) 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 ($\frac{2}{3}$) 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 ($\frac{2}{3}$) 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 non-residents or foreign owners to hold or vote shares, other than as provided in the *Investment Canada Act* (Canada) and the Radiocommunication Act. The *Investment Canada Act* (Canada) requires “non-Canadian” (as defined in the *Investment Canada Act* (Canada)) individuals, governments, corporations and other entities who wish to acquire control of a “Canadian business” (as defined in the *Investment Canada Act* (Canada)) to file either an application for review (when certain asset value thresholds are met) or a post-closing notification with the Director of Investments appointed under the *Investment Canada Act* (Canada), unless a specific exemption applies. The *Investment Canada Act* (Canada) requires that, when an acquisition of control of a Canadian business 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 33⅓%.
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\$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 senior notes are unsecured and mature on July 15, 2022. Interest on these senior notes is payable in cash semi-annually in arrears on January 15 and July 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the make-whole redemption price set forth in the indenture. 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 senior notes may declare all the senior notes to be due and payable immediately.

- (b) **Indenture relating to \$400,000,000 of our 5½% 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 \$400,000,000 aggregate principal amount of our 5½% Senior Notes due June 15, 2025, pursuant to an Indenture, dated as of June 17, 2013, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on June 15, 2025. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (c) **Indenture relating to US\$600,000,000 of our 5¾% Senior Notes due June 15, 2024, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On April 9, 2014, we issued US\$600,000,000 aggregate principal amount of our 5¾% Senior Notes due June 15, 2024, pursuant to an Indenture, dated as of April 9, 2014, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on June 15, 2024. Interest on these senior notes is payable in cash semi-annually in arrears on June 15 and December 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (d) **Indenture relating to \$375,000,000 of our 5¾% Senior Notes due January 15, 2026, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On September 15, 2015, we issued \$375,000,000 aggregate principal amount of our 5¾% Senior Notes due January 15, 2026, pursuant to an Indenture, dated as of September 15, 2015, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2026. Interest on these senior notes is payable in cash semi-annually in arrears on March 15 and September 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (e) **Indenture relating to US\$600,000,000 of our 5½% Senior Notes due April 15, 2027, dated as of April 13, 2017, by and among Videotron, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.**

On April 13, 2017, we issued US\$600,000,000 aggregate principal amount of our 5½% Senior Notes due April 15, 2027, pursuant to an Indenture, dated as of April 13, 2017, by and among us, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee. These senior notes are unsecured and mature on April 15, 2027. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at our option, under certain circumstances and at the make-whole redemption price set forth in the indenture. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (f) **Indenture relating to \$800,000,000 of our 4½% Senior Notes due January 15, 2030, dated as of October 8, 2019, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On October 8, 2019, we issued \$800,000,000 aggregate principal amount of our 4½% Senior Notes due January 15, 2030, pursuant to an Indenture, dated as of October 8, 2019, by and among us, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2030. Interest on these senior notes is payable in cash semi-annually in arrears on April 15 and October 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (g) **Indenture relating to \$650,000,000 of our 3½% Senior Notes due January 15, 2031, dated as of January 22, 2021, by and among Videotron, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee.**

On January 22, 2021, we issued \$650,000,000 aggregate principal amount of our 3½% Senior Notes due January 15, 2031, pursuant to an Indenture, dated as of January 22, 2021, by and among us, the guarantors party thereto, and Computershare Trust Company of Canada, as trustee. These senior notes are unsecured and mature on January 15, 2031. Interest on these senior notes is payable in cash semi-annually in arrears on January 15 and July 15 of each year. These senior notes are guaranteed on a senior unsecured basis by most, but not all, of our subsidiaries. These senior notes are redeemable, at Videotron's option, under certain circumstances and at a price based on a make-whole formula during the first five years of the term of the senior notes and at the redemption prices set forth in the indenture thereafter. The indenture contains customary restrictive covenants with respect to 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 senior notes may declare all the senior notes to be due and payable immediately. The senior notes issued pursuant to this indenture have not been and will not be registered under the Securities Act or under the laws of any other jurisdiction.

- (h) **Credit Agreement originally dated as of November 28, 2000, by and among Videotron, as borrower, the guarantors party thereto, the financial institutions party thereto from time to time, as lenders, and Royal Bank of Canada, as administrative agent, as amended.**

Our senior credit facility, as amended and restated as of June 16, 2015 (and as amended thereafter), currently provide for a \$1,500,000,000 secured revolving credit facility that matures on July 20, 2023. The proceeds of the revolving credit facility can be used for general corporate purposes including, without limitation, to issue letters of credit and to pay dividends to Quebecor Media subject to certain conditions.

Advances under our secured revolving credit facility bear interest at the Canadian prime rate, the U.S. prime rate, the LIBOR or the bankers' acceptance rate plus, in each instance, an applicable margin determined by the Leverage Ratio (as defined in 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 0.20% when this ratio is less than or equal to 2.25x, to 1.50% when this ratio is greater than 4.5x. The applicable margin for LIBOR advances, bankers' acceptance advances or letters of credit fees ranges from 1.20% when this ratio is less than or equal to 2.25x, to 2.50% when this ratio is greater than 4.5x.

We have also agreed to pay specified standby fees in respect of our revolving credit facility.

Borrowings under our senior credit facility and under eligible derivative instruments are secured by a first-ranking hypothec or security interest (subject to certain permitted encumbrances) on all current and future assets of Videotron and of the guarantors under the senior credit facility (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 credit facility contains customary covenants that restrict and limit our ability and the members of the VL Group (as defined in the credit agreement to mean us and all of our 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 credit facility contains 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 restrict the export or import of capital, or affect the remittance of dividends, interest or other payments to non-resident holders of the Corporation's securities, other than withholding tax requirements. Canada has no system of exchange controls. See "— Taxation — Canadian Material Federal Income Tax Considerations for Residents of the United States" below.

There is no limitation imposed by Canadian law or by the Articles of Incorporation or other charter documents of the Corporation on the right of a non-resident to hold voting shares of the Corporation, other than as provided by the *Investment Canada Act* (Canada), as amended, as amended by the *North American Free Trade Agreement Implementation Act* (Canada), and the *World Trade Organization (WTO) Agreement Implementation Act*. The *Investment Canada Act* (Canada) requires notification and, in certain cases, advance review and approval by the Government of Canada of the acquisition by a "non-Canadian" of "control of a Canadian business", all as defined in the *Investment Canada Act* (Canada). Generally, the threshold for review will be higher in monetary terms for a member of the WTO or NAFTA.

In addition, there are regulations related to the ownership and control of Canadian broadcast undertakings. See "Item 4 — Information on the Corporation — Regulation".

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 5% Senior Notes due 2022 (our “5% Senior Notes”), (ii) our 5 $\frac{3}{8}$ % Senior Notes due 2024 (our “5 $\frac{3}{8}$ % Senior Notes”), (iii) our 5 $\frac{5}{8}$ % Senior Notes due 2025 (our “5 $\frac{5}{8}$ % Senior Notes”), (iv) our 5 $\frac{3}{4}$ % Senior Notes due 2026 (our “5 $\frac{3}{4}$ % Senior Notes”), (v) our 5 $\frac{1}{8}$ % Senior Notes due 2027 (our “5 $\frac{1}{8}$ % Senior Notes”), (vi) our 4 $\frac{1}{2}$ % Senior Notes due 2030 (our “4 $\frac{1}{2}$ % Senior Notes”), and (vii) our 3 $\frac{1}{8}$ % Senior Notes due 2031 (our “3 $\frac{1}{8}$ % 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 5 $\frac{5}{8}$ % Senior Notes, our 5 $\frac{3}{4}$ % Senior Notes, our 4 $\frac{1}{2}$ % Senior Notes and our 3 $\frac{1}{8}$ % 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 U.S. Holders subject to the 3.8% Medicare tax on net investment income) or to U.S. Holders that may be subject to special rules under U.S. federal income tax law, including:

- dealers in stocks, securities or currencies;
- persons using a mark-to-market accounting method;
- banks and financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organizations;
- persons holding notes as part of a hedging or conversion transaction or a straddle;
- persons deemed to sell notes under the constructive sale provisions of the Code;
- persons who or that are, or may become, subject to the expatriation provisions of the Code;
- persons whose functional currency is not the U.S. dollar;
- persons required to accelerate the recognition of any item of gross income with respect to any of the notes as a result of such income being recognized on an applicable financial statement;
- entities taxed as a partnership or the partners therein; and
- direct, indirect or constructive owners of 10% or more, of the voting power or value, of our outstanding shares.

The summary also does not discuss any aspect of state, local or non-U.S., or U.S. federal estate and gift tax law as applicable to U.S. Holders. Moreover, this discussion is limited to U.S. Holders who acquire and hold the notes as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this summary assumes that the notes are properly characterized as debt that is not contingent debt for U.S. federal income tax purposes.

For purposes of this summary, “U.S. Holder” means the beneficial holder of a note who or that for U.S. federal income tax purposes is:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation, formed or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, (i) if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more “U.S. persons” (within the meaning of the Code) have the authority to control all substantial decisions of the trust, or (ii) if a valid election is in effect to treat the trust as a U.S. person.

We have not sought and will not seek any opinion of U.S. legal counsel or rulings from the IRS with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position will not be sustained.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to the tax consequences of the partnership purchasing, owning and disposing of the notes.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE TAX CONSEQUENCES DESCRIBED BELOW TO THEIR PARTICULAR SITUATIONS AS WELL AS THE APPLICATION OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS.
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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 will be “passive category income” which is treated separately from other income for purposes of computing the foreign tax credit allowable to a U.S. Holder under the U.S. federal income tax laws. Due to the complexity of the foreign tax credit rules, U.S. Holders should consult their own tax advisors with respect to the amount of foreign taxes that may be claimed as a credit.

In certain circumstances we may be obligated to pay amounts in excess of stated interest or principal on the notes or may make payments or redeem the notes in advance of their expected maturity. According to U.S. Treasury regulations, the possibility that any such payments or redemptions will be made will not affect the amount of interest income a U.S. Holder recognizes if there is only a remote chance as of the date the notes were issued that such payments will be made, or if such payments are incidental. We believe the likelihood that we will make any such payments is remote and/or that such payment will be incidental. Therefore, we do not intend to treat the potential payments or redemptions pursuant to the provisions related to changes in Canadian laws or regulations applicable to tax-related withholdings or deductions, any registration rights provisions, or the other redemption and repurchase provisions as part of the yield to maturity of the notes or as affecting the tax treatment of the notes. Our determination that these contingencies are remote and/or incidental is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on its notes in excess of stated interest and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a note before the resolution of the contingencies. In the event a contingency occurs, it would affect the amount and timing of the income recognized by a U.S. Holder. If we pay additional amounts on the notes, U.S. Holders will be required to recognize such amounts as income.

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 the sum of all amounts (other than qualified stated interest) payable with respect to the notes after the date of acquisition, the difference is treated as market discount. Subject to a *de minimis* exception, gain realized on the maturity, sale, exchange or retirement of a market discount note will be treated as ordinary income to the extent of any accrued market discount not previously recognized (including in the case of a note exchanged for a registered note pursuant to a registration offer, any market discount accrued on the related outstanding note). A U.S. Holder may elect to include market discount in income currently as it accrues, on either a ratable or constant yield method. In that case, 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 U.S. Holder is treated as having purchased such notes with amortizable bond premium. Such U.S. Holder generally may elect to amortize the premium from the purchase date to the maturity date of the notes under a constant yield method. Amortizable premium generally may be deducted against interest income on such notes and generally may not be deducted against other income. Such U.S. Holder's basis in a note will be reduced by any premium amortization deductions. An election to amortize premium on a constant yield method, once made, generally applies to all debt obligations held or subsequently acquired by such U.S. Holder during the taxable year of the election and thereafter, and may not be revoked without IRS consent. For a U.S. Holder that did not elect to amortize bond premium, the amount of such premium will be included in such U.S. Holder's tax basis upon the sale of a note. In the case of 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. For a U.S. Holder that did not elect to amortize bond premium, the amount of such premium will be included in such U.S. Holder's tax basis upon the sale of the note.

The market discount and bond premium rules are complicated, and U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of owning and disposing of notes with market discount or bond premium, including the availability of certain elections.

Sale, Exchange or Retirement of a Note

A U.S. Holder generally will recognize gain or loss upon the sale, exchange (other than in a tax-free transaction), redemption, retirement or other taxable disposition of a note, equal to the difference, if any, between:

- the amount realized (or the U.S. dollar value thereof if received in a foreign currency) less any portion allocable to the payment of accrued interest not previously included in income, which amount will be taxable as ordinary interest income; and
- the U.S. Holder's adjusted tax basis in the note.

Except with respect to gains or losses attributable to changes in exchange rates, as described below, gain or loss so recognized generally will be capital gain or loss (except as described under "— Market Discount and Bond Premium" above) and generally will be long-term capital gain or loss if the note has been held or deemed held for more than one year at the time of the disposition. Long-term capital gains of noncorporate U.S. Holders, including individuals, may be taxed at lower rates than items of ordinary income. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any capital gain or loss recognized by a U.S. Holder on the sale or other disposition of a note generally will be treated as income from sources within the United States or loss allocable to income from sources within the United States. U.S. Holders should consult their own tax advisors regarding the source of gain attributable to market discount.

A U.S. Holder's adjusted tax basis in a note will generally equal the U.S. Holder's U.S. dollar cost therefor, increased by the amount of market discount, if any, previously included in income in respect of the note and decreased (but not below zero) by the amount of principal payments received by such U.S. Holder in respect of the 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 and as discussed in detail above). The amount of gain or loss recognized on a subsequent sale or other disposition of such foreign currency will be equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of the other currency or property received in such sale or other disposition, and (ii) the tax basis of the recipient in such foreign currency. A U.S. Holder who acquires such Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the note on the date of acquisition. Such gain or loss generally will be treated as income or loss from sources within the United States for foreign tax credit limitation purposes.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Canadian dollar Note as a reportable transaction if this loss exceeds the relevant threshold in the U.S. Treasury Regulations. For individuals and trusts, this loss threshold is US\$50,000 in any single year. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the 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 can generally avoid the application of the backup withholding rules by properly completing and submitting the IRS Form W-9 included with the Letter of Transmittal. A U.S. Holder that does not provide us with its correct TIN also may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is creditable against the U.S. Holder's U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, *provided* that the required information is properly and timely furnished to the IRS. Backup withholding will not apply, however, with respect to payments made to certain exempt U.S. Holders, including corporations and tax-exempt organizations, *provided* their exemptions from backup withholding are properly established.

In addition, certain U.S. Holders that hold specified foreign financial assets (including stock and securities of a foreign issuer) with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are required to report their holdings, along with other information, on their U.S. federal income tax returns, with certain exceptions. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. If you fail to report the required information, you could be subject to substantial penalties. U.S. Holders should consult their own tax advisors to determine the scope of these disclosure responsibilities.

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

The following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder who acquires, as beneficial owner, the Senior Notes, including entitlement to all payments thereunder, pursuant to this offering and who, at all relevant times and for the purposes of the Tax Act and the regulations thereunder, (i) is not, and is not deemed to be, resident in Canada (including as a consequence of the Canada-United States Income Tax Convention (1980), as amended), (ii) deals at arm's length with Videotron and with any transferee resident or deemed resident in Canada to whom the holder disposes of Senior Notes, (iii) does not use or hold and is not deemed to use or hold the Senior Notes in or in the course of carrying on business in Canada, (iv) does not receive any payment of interest (including any amounts deemed to be interest) on the Senior Notes in respect of a debt or other obligation to pay an amount to a person with whom Videotron does not deal at arm's length, (v) is not an "authorized foreign bank", as defined in the Tax Act, (vi) is not a "registered non-resident insurer", as defined in the Tax Act, (vii) is not an insurer carrying on an insurance business in Canada and elsewhere, and (viii) is not a, and deals at arm's length with any, "specified shareholder" of Videotron for purposes of the thin capitalization rules in the Tax Act (a "**Non-Resident Holder**"). A "specified shareholder" for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm's length for the purposes of the Tax Act) owns or has the right to acquire or control or is otherwise deemed to own 25% or more of Videotron's shares determined on a votes or fair market value basis.

This summary is based on the current provisions of the Tax Act and the regulations thereunder and the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or any administrative or assessing practice, whether by judicial, governmental, regulatory or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax considerations which may differ from the Canadian federal income tax considerations described herein.

<p>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.</p>

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

You may read and copy documents referred to in this annual report that have been filed with the SEC at the Public Reference Room at the SEC's Headquarters, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, or obtain copies of this information by mail from the Public Reference Room at prescribed rates. You may call the SEC at 1-800-SEC-0330 for further information on the SEC's Public Reference Room. The SEC also maintains an Internet website that contains reports and other information that we have furnished electronically with the SEC. The URL of that website is <http://www.sec.gov>. Any documents referred to in this annual report may also be inspected without charge at our offices at 612 St. Jacques Street, Montréal, Québec, Canada, H3C 4M8.

I- Subsidiary Information

Not applicable.

ITEM 11 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use certain financial instruments, such as cross-currency interest rate swaps and foreign exchange forward contracts, to manage interest rate and foreign exchange risk exposures. These instruments are used solely to manage the financial risks associated with our obligations and are not used for trading or speculation purposes. For more information regarding our financial instruments and financial risk management, refer to Note 24 to our audited consolidated financial statements for the year ended December 31, 2020 included under "Item 18. Financial Statements" of this annual report.

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, gateways, modems, mobile devices and certain capital expenditures, are received or denominated in Canadian dollars. A significant 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, 2020 and to hedge our exposure on certain purchases of set-top boxes, gateways, modems, mobile devices and certain capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

Interest Rate Risk

Videotron's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate and (iv) U.S. prime rate. The Senior Notes issued by 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, 2020, pro forma for the issuance in January 2021 of \$650.0 million aggregate principal amount of Senior Notes and after taking into account the hedging instruments, long-term debt was comprised of 96.1% fixed rate debt (93.3% in 2019) and 3.9% floating rate debt (6.7% in 2019).

The estimated sensitivity on interest payments of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2020 was \$1.8 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 and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, Videotron continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2020, no customer balance represented a significant portion of Videotron's consolidated trade receivables. Videotron is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2020, the provision for expected credit losses represented 2.8% of the gross amount of accounts receivable and contract assets (3.0% as of December 31, 2019), while 4.1% of trade receivable were 90 days past their billing date (4.3% as of December 31, 2019).

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 Risk Management – Fair Value of Financial Instruments" in this annual report.

Material Limitations

Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Principal Repayments

As at December 31, 2020, 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 millions of dollars)
2021	-
2022	1,018.0
2023	-
2024	763.5
2025	400.0
2026 and thereafter	1,938.5
Total	\$ 4,120.0

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 Senior Vice President 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 (the “**Exchange Act**”)) as controls and procedures designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within specified time periods. As of the date of the evaluation, Videotron’s President and Chief Executive Officer and Videotron’s Senior Vice President 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 Corporation’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 Corporation (as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act). 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 Videotron’s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS, and that receipts and expenditures of 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 framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). Based on this evaluation, management concluded that Videotron’s internal control over financial reporting was effective as of December 31, 2020.

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 Audit and Risk Management Committee has been structured to comply with the requirements of Canadian National Instrument 52-110 - Audit Committee (“NI 52-110”). Our Board of Directors has determined that more than one “audit committee financial expert” (as defined in Item 16A of Form 20-F) are serving on our Audit and Risk Management Committee and that all members of the Audit and Risk Management Committee are “independent” directors, as defined under SEC rules.

ITEM 16B – CODE OF ETHICS

We have a Code of Ethics that applies to all directors, officers and employees of Videotron, including our Chief Executive Officer, Senior Vice President and 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, 2020, 2019 and 2018. The audited consolidated financial statements for each of the fiscal years in the three-year period ended December 31, 2020 are included in this annual report on Form 20-F.

The Audit and Risk Management Committee establishes the independent auditors’ compensation. The Audit and Risk Management Committee adopted a policy relating to the pre-approval of services to be rendered by its independent auditors. The Audit and Risk Management 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, 2020, 2019 and 2018, none of the non-audit services described below were approved by the Audit and Risk Management 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 fiscal years ended December 31, 2020, 2019 and 2018.

	2020	2019	2018
Audit Fees ⁽¹⁾	\$ 1,152,374	\$ 919,693	\$ 848,885
Audit related Fees ⁽²⁾	-	-	-
Tax Fees ⁽³⁾	40,493	9,282	31,670
All Other Fees ⁽⁴⁾	-	-	-
Total	\$ 1,192,867	\$ 928,975	\$ 880,555

- (1) Audit Fees consist of fees approved for the annual audit of the Corporation’s consolidated financial statements and quarterly reviews of interim financial statements of the Corporation with the SEC, including required assistance or services that only the external auditor reasonably can provide and accounting consultations on specific issues and translation. It also includes audit and attestation services required by statute or regulation, such as comfort letters and consents, SEC prospectus and registration statements, other filings and other offerings, including annual reports and SEC forms and statutory audits.
- (2) Audit-related Fees consist of fees billed for assurance and related services that are traditionally performed by the external auditor, and include consultations concerning financial accounting and reporting standards on proposed transactions, due diligence or accounting work related to acquisitions; employee benefit plan audits, and audit or attestation services not required by statute or regulation.
- (3) Tax Fees include fees billed for tax compliance services, including the preparation of original and amended tax returns and claims for refunds, tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers, acquisitions and divestitures, transfer pricing, and requests for advance tax rulings or technical interpretations.
- (4) All Other Fees include fees billed for forensic accounting and occasional training services, assistance with respect to internal controls over financial reporting and disclosure controls and procedures.

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

Not applicable.

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, 2020 and 2019 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, 2020, 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

The following documents are filed as exhibits to this Form 20-F:

- [1.1](#) [Certificate and Articles of Amalgamation of Videotron as of January 4, 2018. \(incorporated by reference to Exhibit 1.1 of Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 033-51000\).](#)
- [1.2](#) [By-laws of Videotron Ltd. \(translation\) \(incorporated by reference to Exhibit 1.4 of Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [1.3](#) [Certificate and Articles of Amalgamation of Le SuperClub Vidéotron Ltée \(translation\) \(incorporated by reference to Exhibit 1.5 of Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009, Commission file No. 033-51000\).](#)
- [1.4](#) [By-laws of Le SuperClub Vidéotron Ltée \(translation\) \(incorporated by reference to Exhibit 1.6 of Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [1.5](#) [Certificate of Amendment for Le SuperClub Vidéotron Ltée \(translation\) \(incorporated by reference to Exhibit 1.7 to Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000, Commission file No. 033-51000\).](#)
- [1.6](#) [Articles of Incorporation of Vidéotron Infrastructures Inc., as amended as of February 17, 2011 \(incorporated by reference to Exhibit 1.7 to Videotron Ltd.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 033-51000\).](#)

- [1.7](#) [By-laws of Vidéotron Infrastructures Inc. \(translation\) \(incorporated by reference to Exhibit 1.8 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [1.8](#) [Certificate of Incorporation of Videotron US Inc. as of September 20, 2007 \(incorporated by reference to Exhibit 1.9 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009, Commission file No. 033-51000\).](#)
- [1.9](#) [Amended and Restated Certificate of Incorporation of Videotron US Inc. as of October 1, 2008 \(incorporated by reference to Exhibit 1.10 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009, Commission file No. 033-51000\).](#)
- [1.10](#) [By-laws of Videotron US Inc. \(incorporated by reference to Exhibit 1.11 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on March 6, 2009, Commission file No. 033-51000\).](#)
- [1.11](#) [Declaration of registration of Videotron G.P. \(incorporated by reference to Exhibit 1.12 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 033-51000\).](#)
- [1.12](#) [Declaration of registration of Videotron L.P. \(incorporated by reference to Exhibit 1.13 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 033-51000\).](#)
- [1.13](#) [Certificate and Articles of Constitution of 9230-7677 Québec inc. \(translation\) \(incorporated by reference to Exhibit 1.14 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed on March 21, 2011, Commission file No. 033-51000\).](#)
- [1.14](#) [By-laws of 9230-7677 Québec inc. \(translation\) \(incorporated by reference to Exhibit 1.15 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [1.15](#) [Certificate and Articles of Constitution of 9227-2590 Québec inc. \(translation\) \(incorporated by reference to Exhibit 1.18 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000, Commission file No. 033-51000\).](#)
- [1.16](#) [By-laws of 9227-2590 Québec inc. \(translation\) \(incorporated by reference to Exhibit 1.19 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000, Commission file No. 033-51000\).](#)
- [1.17](#) [Certificate and Articles of Incorporation as of 9529454 Canada Inc. as of November 30, 2011 \(translation\). \(incorporated by reference to Exhibit 1.26 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.18](#) [By-laws of 9529454 Canada Inc. \(translation\) \(incorporated by reference to Exhibit 1.27 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.19](#) [Certificate and Articles of Amalgamation of 8480869 Canada Inc. as of January 7, 2016 \(incorporated by reference to Exhibit 1.28 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.20](#) [By-laws of 8480869 Canada Inc. \(translation\) \(incorporated by reference to Exhibit 1.29 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)

- [1.21](#) [Certificate and Articles of Amalgamation of Fibre Noire Internet Inc. as of April 19, 2013, as amended on June 27, 2014, and January 6, 2016 \(incorporated by reference to Exhibit 1.30 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.22](#) [By-laws of Fibrenoire Inc. \(translation\) \(incorporated by reference to Exhibit 1.31 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.23](#) [Certificate and Articles of Incorporation of Canadian P2P Fibre Systems Ltd. as of June 15, 2007 \(incorporated by reference to Exhibit 1.32 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.24](#) [By-laws of Canadian P2P Fibre Systems Ltd \(translation\) \(incorporated by reference to Exhibit 1.33 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [1.25](#) [Certificate and Articles of Constitution of 9176-6857 Québec Inc. as of December 5, 2006 \(translation\) \(incorporated by reference to Exhibit 1.29 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [1.26](#) [Certificate and Articles of Amendment of 9176-6857 Québec Inc. as of June 13, 2014 \(translation\) \(incorporated by reference to Exhibit 1.30 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [1.27](#) [By-laws of 9176-6857 Québec Inc. \(translation\) \(incorporated by reference to Exhibit 1.31 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [1.28](#) [Certificate and Articles of Incorporation of Fizz Mobile & Internet Inc. as of November 27, 2018 \(translation\) \(incorporated by reference to Exhibit 1.28 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [1.29](#) [By-laws of Fizz Mobile & Internet Inc. \(translation\) \(incorporated by reference to Exhibit 1.29 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [1.30](#) [Certificate and Articles of consolidation of Teledistribution Amos Inc. as of March 22, 2021 \(translation\).](#)
- [1.31](#) [By-laws of Télédistribution Amos Inc. \(translation\).](#)
- [2.1](#) [Form of 5% Senior Notes due July 15, 2022 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.47 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [2.2](#) [Form of Notation of Guarantee by the subsidiary guarantors of the 5% Senior Notes due July 15, 2022 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.47 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [2.3](#) [Indenture, dated as of March 14, 2012, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee \(incorporated by reference to Exhibit 2.47 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)

- [2.4](#) [Supplemental Indenture, dated as of March 12, 2015, by and among Videotron Ltd., 4Degrees Colocation Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.9 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.5](#) [Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.10 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.6](#) [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.12 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [2.7](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012 \(incorporated by reference to Exhibit 2.7 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.8](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of March 14, 2012.](#)
- [2.9](#) [Form of 5½% Senior Notes due June 15, 2025 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.40 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- [2.10](#) [Form of Notation of Guarantee of the subsidiary guarantors of the 5½% Senior Notes due June 15, 2025 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.40 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- [2.11](#) [Indenture, dated as of June 17, 2013, by and among Videotron Ltd., the subsidiary guarantors party thereto, and Computershare Trust Company of Canada, as trustee \(incorporated by reference to Exhibit 2.40 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file No. 033-51000\).](#)
- [2.12](#) [Supplemental Indenture, dated as of March 12, 2015, by and among Videotron Ltd., 4Degrees Colocation Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.14 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.13](#) [Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.5 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.14](#) [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.6 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)

- [2.15](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013 \(incorporated by reference to Exhibit 2.14 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.16](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of June 17, 2013.](#)
- [2.17](#) [Form of 5½% Senior Notes due June 15, 2024 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.32 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000\).](#)
- [2.18](#) [Form of Notation of Guarantee of the subsidiary guarantors of the 5½% Senior Notes due June 15, 2024 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.32 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000\).](#)
- [2.19](#) [Indenture, dated as of April 9, 2014, by and among Videotron Ltd., the subsidiary guarantors party thereto, and Wells Fargo Bank, National Association, as trustee \(incorporated by reference to Exhibit 2.32 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 23, 2015, Commission file No. 033-51000\).](#)
- [2.20](#) [Supplemental Indenture, dated as of March 12, 2015, by and among Videotron Ltd., 4Degrees Colocation Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 \(incorporated by reference to Exhibit 2.19 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.21](#) [Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 \(incorporated by reference to Exhibit 2.20 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.22](#) [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014. \(incorporated by reference to Exhibit 2.24 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [2.23](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014 \(incorporated by reference to Exhibit 2.21 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.24](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 9, 2014.](#)
- [2.25](#) [Form of 5¾% Senior Notes due January 15, 2026 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.26](#) [Form of Notation of Guarantee by the subsidiary guarantors of the 5¾% Senior Notes due January 15, 2026 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)

- [2.27](#) [Indenture, dated as of September 15, 2015, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Computershare Trust Company of Canada, as trustee \(incorporated by reference to Exhibit 2.23 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.28](#) [Supplemental Indenture, dated as of January 8, 2016, by and among Videotron, 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 \(incorporated by reference to Exhibit 2.5 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [2.29](#) [Supplemental Indenture, dated as of June 20, 2016, by and among Videotron, 9176-6857 Québec Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 \(incorporated by reference to Exhibit 2.6 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [2.30](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015 \(incorporated by reference to Exhibit 2.14 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.31](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of September 15, 2015. \(incorporated by reference to Exhibit 2.16 above\).](#)
- [2.32](#) [Form of 5½% Senior Notes due April 15, 2027 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.26 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 033-51000\).](#)
- [2.33](#) [Form of Notation of Guarantee by the subsidiary guarantors of the 5½% Senior Notes due April 15, 2027 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.26 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 033-51000\).](#)
- [2.34](#) [Indenture, dated as of April 13, 2017, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee \(incorporated by reference to Exhibit 2.26 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018, Commission file No. 033-51000\).](#)
- [2.35](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 13, 2017 \(incorporated by reference to Exhibit 2.31 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.36](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of April 13, 2017.](#)
- [2.37](#) [Form of 4½% Senior Notes due January 15, 2030 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.34 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)

- [2.38](#) [Form of Notation of Guarantee of the subsidiary guarantors of the 4½% Senior Notes due January 15, 2030 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.34 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.39](#) [Indenture, dated as of October 8, 2019, by and among Videotron Ltd., the subsidiary guarantors signatory thereto and Computershare Trust Company of Canada, as trustee \(incorporated by reference to Exhibit 2.34 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.40](#) [Supplemental Indenture, dated as of December 18, 2019, by and among Videotron, and 9408-8713 Québec Inc. and Fizz Mobile & Internet Inc., as guarantors, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of October 8, 2019 \(incorporated by reference to Exhibit 2.14 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on March 24, 2020, Commission file No. 033-51000\).](#)
- [2.41](#) [Supplemental Indenture, dated as of January 5, 2021, by and among Videotron, and Télédistribution Amos Inc., as guarantor, and Computershare Trust Company of Canada, as trustee, to the Indenture dated as of October 8, 2019 \(incorporated by reference to Exhibit 2.16 above\).](#)
- [2.42](#) [Form of 3½% Senior Notes due January 15, 2031 of Videotron Ltd. \(incorporated by reference to Exhibit A to Exhibit 2.44 below\).](#)
- [2.43](#) [Form of Notation of Guarantee of the subsidiary guarantors of the 3¼% Senior Notes due January 15, 2031 of Videotron Ltd. \(incorporated by reference to Exhibit E to Exhibit 2.44 below\).](#)
- [2.44](#) [Indenture, dated as of January 22, 2021, by and among Videotron Ltd., the subsidiary guarantors signatory 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 Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by Le SuperClub Videotron Ltée, Videotron Infrastructures Inc., Jobboom Inc., Videotron US Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., Videotron G.P., and Videotron L.P., as guarantors \(incorporated by reference to Exhibit 4.1 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [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 Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by Le SuperClub Videotron Ltée, Videotron Infrastructures Inc., Videotron US Inc., 9227-2590 Québec inc., 9230-7677 Québec inc., Videotron G.P., Videotron L.P. and 8487782 Canada Inc. as guarantors \(incorporated by reference to Exhibit 4.2 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 20, 2014, Commission file, No. 033-51000\).](#)
- [4.3](#) [Second Amending Agreement, dated as of January 28, 2015, amending the Amended and Restated Credit Agreement, dated as of July 20, 2011, as amended, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 8487782 Canada Inc., Videotron G.P., Videotron L.P. and Videotron Infrastructures Inc., as guarantors \(incorporated by reference to Exhibit 4.3 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)

- [4.4](#) [Third Amending Agreement, dated as of June 16, 2015, amending the Amended and Restated Credit Agreement, dated as of July 20, 2011, as amended, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 8487782 Canada Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc. and 4Degrees Colocation Inc., as guarantors \(incorporated by reference to Exhibit 4.4 to Videotron's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on March 18, 2016, Commission file No. 033-51000\).](#)
- [4.5](#) [First Amending Agreement to the Amended and Restated Credit Agreement \(made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.4\), dated as of June 24, 2016, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 9176-6857 Québec Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors \(incorporated by reference to Exhibit 4.5 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on March 21, 2017, Commission file No. 033-51000\).](#)
- [4.6](#) [Second Amending Agreement to the Amended and Restated Credit Agreement \(made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.4\), dated as of January 3, 2018, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9176-6857 Québec Inc., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors \(incorporated by reference to Exhibit 4.6 of Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on March 27, 2018\).](#)
- [4.7](#) [Third Amending Agreement to the Amended and Restated Credit Agreement \(made pursuant to the Third Amendment Agreement dated June 16, 2015 filed as Exhibit 4.4\), dated as of November 26, 2018, amending the Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among Videotron Ltd., Royal Bank of Canada, as administrative agent, and the financial institutions signatory thereto and acknowledged by 9293-6707 Québec Inc., 9227-2590 Québec Inc., 9230-7677 Québec Inc., 9176-6857 Québec Inc., Videotron G.P., Videotron L.P., Videotron Infrastructures Inc., 4Degrees Colocation Inc., 9529454 Canada Inc., 8480869 Canada Inc., Fibrenoire Inc. and Canadian P2P Fibre Systems Ltd., as guarantors \(incorporated by reference to Exhibit 4.7 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 033-51000\).](#)
- [4.8](#) [Form of Guarantee of the Guarantors of the Credit Agreement \(incorporated by reference to Schedule D of Exhibit 4.1 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [4.9](#) [Form of Share Pledge of the shares of Videotron Ltd. and the Guarantors of the Credit Agreement \(incorporated by reference to Schedule E of Exhibit 4.1 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on March 21, 2012, Commission file No. 033-51000\).](#)
- [4.10](#) [Management Services Agreement, effective as of January 1, 2002, between Quebecor Media and Videotron Ltd. \(incorporated by reference to Exhibit 10.5 to Videotron Ltd.'s Registration Statement on Form F-4 dated November 24, 2003, Registration Statement No. 333-110697\).](#)
- [8.1](#) [Subsidiaries of Videotron Ltd.](#)
- [11.1](#) [Code of Ethics \(incorporated by reference to Exhibit 11.1 to Videotron Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on March 26, 2019, Commission file No. 033-51000\).](#)
- [12.1](#) [Certification of Jean-François Pruneau, 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 Philippe Cloutier, Senior Vice President and Chief Financial 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.](#)
- [13.1](#) [Certification of Jean-François Pruneau, 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 Philippe Cloutier, Senior Vice President and Chief 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.](#)
- 101 Interactive Data Files.

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/ Philippe Cloutier

Name: Philippe Cloutier

Title: Senior Vice President and
Chief Financial Officer

Dated: March 25, 2021

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Videotron Ltd.

Annual Consolidated Financial Information as at December 31, 2020 and 2019 and for the Years Ended December 31, 2020, 2019 and 2018

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Consolidated financial statements of

VIDEOTRON LTD.

Years ended December 31, 2020, 2019 and 2018

Report of Independent Registered Public Accounting Firm

To the shareholder and the board of directors of **Videotron Ltd.**

We have audited the accompanying consolidated balance sheets of **Videotron Ltd.** [the “Corporation”] as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, equity and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes [collectively referred to as the “consolidated financial statements”]. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2020 and 2019, and the results of its consolidated operations and its consolidated cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards [IFRSs] as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on the Corporation’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) [“PCAOB”] and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Timing of revenue recognition from subscriber services

Description of the matter As disclosed in note 1 (e) to the consolidated financial statements, the Corporation recognizes revenue from subscriber services, such as television distribution, Internet access and wireline and mobile telephony, when the services are provided. Operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided, and the portion of revenues that is invoiced and unearned is presented as deferred revenue. The Corporation recognized \$3,622.5 million of revenues for the year ended December 31, 2020 related to these services.

The Corporation's revenue recognition process involves several information technology ["IT"] applications responsible for the initiation, processing, and recording of transactions from the Corporation's various customers, and the calculation and allocation of revenue by service in accordance with the Corporation's accounting policy. The timing of revenue recognition is considered a critical audit matter due to the complexity in our audit procedures considering the high volume of subscribers, each receiving different services with varying invoicing schedules.

How we addressed the matter in our audit To test the timing of revenue recognition from subscriber services, our audit procedures included, among others, obtaining an understanding, evaluating the design, and testing the operating effectiveness of manual controls, as well as the application controls and the IT general controls with the assistance of our IT specialists, related to the timing of revenue recognition for subscriber services. We reperformed management's calculation of the entire deferred revenue balance related to these subscriber services as of December 31, 2020. We tested a sample of the relevant data used for the calculation of the deferred revenue balance related to the subscriber services as of December 31, 2020, by comparing the invoice date, the invoice amount, and the types of services to the invoice and the related cash receipt. We corroborated, by agreeing to supporting documentation, the appropriateness of any manual entries posted to the deferred revenue accounts. Finally, we independently developed expectations of revenue per user by service type and compared it to the average revenue per user by service type.

Capitalization of labor costs to property, plant and equipment and to intangible assets

Description of the matter As disclosed in note 2 to the consolidated financial statements, \$196.3 million of labor costs were capitalized to property, plant and equipment and to intangible assets during the year ended December 31, 2020. Given the high volume of internal projects for which many employees are working on, the capitalization of labor costs is considered to be a critical audit matter.

How we addressed the matter in our audit To test the capitalization of labor costs to property, plant and equipment and to intangible assets, our audit procedures included, among others, obtaining an understanding, evaluating the design, and testing the operating effectiveness of controls related to the capitalization of labor costs. We discussed with project managers, for a sample of significant projects, the nature of the project and the nature of the costs capitalized, and analyzed variances compared to the budget for each cost category, including labor costs. We corroborated variances compared to the budget to supporting documents such as invoices or employee timesheets. In addition, we corroborated time capitalized by comparing the number of hours worked by an employee on a specific project to the approved timesheet. Finally, we performed analytical procedures by comparing the proportion of internal labor per project to prior year.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

We have served as the Corporation's auditor since 2008.

Montréal, Canada
March 22, 2021

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2020, 2019 and 2018
(in millions of Canadian dollars)

	Note	2020	2019	2018
Revenues				
Internet		\$ 1,131.4	\$ 1,114.3	\$ 1,079.3
Television		903.6	974.4	996.7
Mobile telephony		658.5	600.7	534.4
Wireline telephony		338.4	341.1	368.6
Equipment sales		408.9	269.8	233.5
Other		181.7	175.8	164.0
		<u>3,622.5</u>	<u>3,476.1</u>	<u>3,376.5</u>
Employee costs	2	403.8	398.6	385.2
Purchase of goods and services	2	1,354.3	1,274.7	1,276.9
Depreciation and amortization	9, 10, 11	743.8	685.6	691.3
Financial expenses	3	208.5	200.0	189.2
Loss on valuation and translation of financial instruments		1.2	0.6	0.7
Restructuring of operations and other items	4	29.4	20.2	17.2
Income before income taxes		881.5	896.4	816.0
Income taxes (recovery):				
Current	5	188.5	94.9	145.4
Deferred	5	(0.6)	84.2	20.8
		<u>187.9</u>	<u>179.1</u>	<u>166.2</u>
Income from continuing operations		693.6	717.3	649.8
Income from discontinued operations	27	34.8	115.9	3.9
Net income		\$ 728.4	\$ 833.2	\$ 653.7
Income from continuing operations attributable to				
Shareholder		\$ 693.5	\$ 717.2	\$ 649.8
Non-controlling interests		<u>0.1</u>	<u>0.1</u>	<u>–</u>
Net income attributable to				
Shareholder		\$ 728.3	\$ 833.1	\$ 653.7
Non-controlling interests		<u>0.1</u>	<u>0.1</u>	<u>–</u>

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2020, 2019 and 2018
(in millions of Canadian dollars)

	Note	2020	2019	2018
Income from continuing operations		\$ 693.6	\$ 717.3	\$ 649.8
Other comprehensive (loss) income from continuing operations:				
Items that may be reclassified to income:				
Cash flow hedges:				
(Loss) gain on valuation of derivative financial instruments		(17.1)	50.6	(6.7)
Deferred income taxes		4.9	(2.7)	(4.2)
Items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement loss	26	(61.0)	(47.3)	(12.7)
Deferred income taxes		16.2	12.7	3.4
		<u>(57.0)</u>	<u>13.3</u>	<u>(20.2)</u>
Comprehensive income from continuing operations		636.6	730.6	629.6
Income from discontinued operations	27	34.8	115.9	3.9
Comprehensive income		\$ 671.4	\$ 846.5	\$ 633.5
Comprehensive income from continuing operations attributable to				
Shareholder		\$ 636.5	\$ 730.5	\$ 629.6
Non-controlling interests		<u>0.1</u>	<u>0.1</u>	<u>–</u>
Comprehensive income attributable to				
Shareholder		\$ 671.3	\$ 846.4	\$ 633.5
Non-controlling interests		<u>0.1</u>	<u>0.1</u>	<u>–</u>

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF EQUITY

Years ended December 31, 2020, 2019 and 2018
(in millions of Canadian dollars)

	Equity attributable to the shareholder			Equity attributable to non-controlling interests	Total equity
	Capital stock (note 18)	Deficit	Accumulated other comprehensive loss (note 20)		
Balance as of December 31, 2017	\$ 132.4	\$ 1,829.3	\$ (41.8)	\$ 0.6	\$ 1,920.5
Net income	–	653.7	–	–	653.7
Other comprehensive loss	–	–	(20.2)	–	(20.2)
Corporate reorganization	3,776.2	(3,776.2)	–	–	–
Reduction of paid-up capital	(2,588.1)	–	–	–	(2,588.1)
Dividends	–	(113.0)	–	(0.2)	(113.2)
Balance as of December 31, 2018	1,320.5	(1,406.2)	(62.0)	0.4	(147.3)
Net income	–	833.1	–	0.1	833.2
Other comprehensive income	–	–	13.3	–	13.3
Issuance of common shares	153.3	–	–	–	153.3
Reduction of paid-up capital	(465.0)	–	–	–	(465.0)
Dividends	–	(266.0)	–	–	(266.0)
Balance as of December 31, 2019	1,008.8	(839.1)	(48.7)	0.5	121.5
Net income	–	728.3	–	0.1	728.4
Other comprehensive loss	–	–	(57.0)	–	(57.0)
Issuance of common shares	6.8	–	–	–	6.8
Dividends	–	(611.0)	–	(0.2)	(611.2)
Balance as at December 31, 2020	\$ 1,015.6	\$ (721.8)	\$ (105.7)	\$ 0.4	\$ 188.5

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2020, 2019 and 2018
(in millions of Canadian dollars)

	Note	2020	2019	2018
Cash flows related to operating activities				
Income from continuing operations		\$ 693.6	\$ 717.3	\$ 649.8
Adjustments for:				
Depreciation of property, plant and equipment	9	586.8	558.1	570.1
Amortization of intangible assets	10	122.6	95.0	88.7
Depreciation of right-of-use assets	11	34.4	32.5	32.5
Loss on valuation and translation of financial instruments		1.2	0.6	0.7
Impairment of assets	4	8.4	15.3	12.9
Amortization of financing costs	3	5.8	5.1	4.3
Deferred income taxes	5	(0.6)	84.2	20.8
Other		2.4	4.7	3.2
		<u>1,454.6</u>	<u>1,512.8</u>	<u>1,383.0</u>
Net change in non-cash balances related to operating items		(2.8)	(197.5)	145.1
Cash flows provided by continuing operating activities		<u>1,451.8</u>	<u>1,315.3</u>	<u>1,528.1</u>
Cash flows related to investing activities				
Additions to property, plant and equipment	9	(429.2)	(476.8)	(513.2)
Additions to intangible assets	10	(180.2)	(468.1)	(190.2)
Business acquisitions	12	(32.9)	–	1.3
Proceeds from disposals of assets and other		2.9	4.1	5.6
Business disposals	27	–	100.7	–
Acquisition of preferred shares from an affiliated corporation	8	–	–	(1,595.0)
Loan to the parent corporation	7	–	–	342.0
Cash flows used in continuing investing activities		<u>(639.4)</u>	<u>(840.1)</u>	<u>(1,949.5)</u>
Cash flows related to financing activities				
Net change in bank indebtedness		(7.1)	(1.2)	8.3
Net change under revolving facility	15	(89.3)	(649.1)	736.5
Issuance of long-term debt, net of financing costs	15	–	790.7	–
Repayment of long-term debt	15	–	–	(5.4)
Repayment of lease liabilities	16	(39.4)	(35.9)	(34.9)
Issuance of common shares	18	6.8	153.3	–
Dividends		(611.0)	(266.0)	(113.0)
Dividends paid to non-controlling interests		(0.2)	–	(0.2)
Reduction of paid-up capital	18	–	(465.0)	(2,588.1)
Issuance of a loan from the parent corporation	8	–	–	1,595.0
Cash flows used in continuing financing activities		<u>(740.2)</u>	<u>(473.2)</u>	<u>(401.8)</u>
Cash flows provided by (used in) continuing operations		<u>\$ 72.2</u>	<u>\$ 2.0</u>	<u>\$ (823.2)</u>

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2020, 2019 and 2018
(in millions of Canadian dollars)

	2020	2019	2018
Cash flows provided by (used in) continuing operations	\$ 72.2	\$ 2.0	\$ (823.2)
Cash flows (used in) provided by discontinued operations	(0.6)	(0.7)	8.5
Cash and cash equivalents at beginning of the year	2.4	1.1	815.8
Cash and cash equivalents at end of the year	\$ 74.0	\$ 2.4	\$ 1.1
<u>Additional information on the consolidated statements of cash flows</u>			
Cash and cash equivalents consist of			
Cash	\$ 72.8	\$ 0.3	\$ 0.3
Cash equivalents	1.2	2.1	0.8
	<u>\$ 74.0</u>	<u>\$ 2.4</u>	<u>\$ 1.1</u>
Changes in non-cash balances related to operating items (excluding the effect of business acquisitions and disposals)			
Accounts receivable	\$ (53.9)	\$ 1.6	\$ (6.0)
Contract assets	(25.7)	(16.4)	(21.2)
Amounts receivable from and payable to affiliated corporations	2.4	16.5	(20.1)
Inventories	4.5	(11.9)	2.6
Accounts payable, accrued charges and provisions	34.8	16.2	41.6
Income taxes	72.3	(135.7)	151.1
Deferred revenue	(27.8)	(9.8)	(1.3)
Defined benefit plans	5.3	(23.6)	0.8
Other	(14.7)	(34.4)	(2.4)
	<u>\$ (2.8)</u>	<u>\$ (197.5)</u>	<u>\$ 145.1</u>
Interest and taxes reflected as operating activities			
Cash interest payments	\$ 211.7	\$ 193.0	\$ 188.5
Cash income tax payments (net of refunds)	115.8	227.7	1.6

Non-cash investing transactions are presented in notes 9,10 and 11

See accompanying notes to consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019
(in millions of Canadian dollars)

	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents		\$ 74.0	\$ 2.4
Accounts receivable		395.4	341.3
Contract assets	13	174.9	168.4
Amounts receivable from affiliated corporations	25	12.7	13.7
Income taxes		–	13.7
Inventories	6	94.3	98.5
Other current assets		129.0	138.4
		<u>880.3</u>	<u>776.4</u>
Non-current assets			
Property, plant and equipment	9	2,879.5	3,100.1
Intangible assets	10	1,351.4	1,336.7
Goodwill	12	538.1	515.0
Right-of-use assets	11	111.3	85.5
Derivative financial instruments	24	353.7	388.8
Investments	8	1,595.0	1,595.0
Promissory note to the parent corporation	27	160.0	160.0
Other assets	13	250.3	113.2
		<u>7,239.3</u>	<u>7,294.3</u>
Total assets		<u>\$ 8,119.6</u>	<u>\$ 8,070.7</u>

VIDEOTRON LTD.
CONSOLIDATED BALANCE SHEETS (continued)

December 31, 2020 and 2019
(in millions of Canadian dollars)

	Note	2020	2019
Liabilities and equity			
Current liabilities			
Bank indebtedness		\$ –	\$ 7.1
Accounts payable, accrued charges and provisions	14	608.0	585.9
Amounts payable to affiliated corporations	25	67.9	66.5
Incomes taxes		59.1	–
Deferred revenue		275.7	304.1
Current portion of lease liabilities	16	32.0	29.4
		<u>1,042.7</u>	<u>993.0</u>
Non-current liabilities			
Long-term debt	15	4,111.5	4,240.2
Subordinated loan from the parent corporation	8	1,595.0	1,595.0
Lease liabilities	16	110.3	84.8
Derivative financial instruments	24	28.4	–
Deferred income taxes	5	790.6	809.5
Other liabilities	17	252.6	226.7
		<u>6,888.4</u>	<u>6,956.2</u>
Equity			
Capital stock	18	1,015.6	1,008.8
Deficit		(721.8)	(839.1)
Accumulated other comprehensive loss	20	(105.7)	(48.7)
Equity attributable to the shareholder		188.1	121.0
Non-controlling interests		0.4	0.5
		<u>188.5</u>	<u>121.5</u>
Commitments, contingencies and subsequent event	21, 23, 28		
Total liabilities and equity		<u>\$ 8,119.6</u>	<u>\$ 8,070.7</u>

See accompanying notes to consolidated financial statements.

On March 22, 2021, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

On behalf of the Board of Directors,

(signed)

The Right Honourable Brian Mulroney, P.C., C.C., LL.D.,
Chairman of the Board

(signed)

Normand Provost,
Director

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions 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). Unless the context otherwise requires, Videotron or the Corporation refer to Videotron Ltd. and its subsidiaries. The Corporation's head office and registered office is located at 612 Saint-Jacques Street, Montreal (Québec), Canada. The percentages of voting rights and equity in its major subsidiaries are as follows:

	<u>% equity and voting</u>
Videotron Infrastructures Inc.	100.0%
Videotron US Inc.	100.0%
Fibrenoire Inc.	100.0%
Télédistribution Amos inc.	100.0%
SETTE Inc.	84.53%

The Corporation offers Internet access, television distribution, mobile and wireline telephony, business solutions and over-the-top video services in Canada and is engaged in the rental of movies and televisual products through its video-on-demand service.

COVID-19 pandemic

The COVID-19 pandemic is having a significant impact on the economic environment in Canada and around the world. On March 13, 2020, in order to limit the spread of the virus, the Québec government imposed a number of restrictions and special preventive measures, including the suspension of business activities deemed non-essential, across Québec. The Québec government subsequently implemented a gradual reopening plan, which was followed at the end of December 2020 by new restrictions and the suspension of some business activities due to the second wave of the pandemic. This health crisis curtailed the operations of many of Videotron's business partners and led to a significant slowdown in some of Videotron's operating activities in 2020. Among other impacts, the restrictions and preventive measures imposed by the Québec government caused a significant reduction in volume at Videotron's retail outlets and delays in client migration to our new Helix entertainment and home management platform. Despite the constraints created by this pandemic, Videotron has continued and will continue to provide essential telecommunications services during this health crisis, while safeguarding the health and safety of the public and its employees. Given the uncertainty about the evolution of the pandemic, the full impact of the health crisis over its duration cannot be determined with certainty.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("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(i)), the liability related to stock-based compensation (note 1(s)) and the net defined benefit liability (note 1(t)), and they are presented in Canadian dollars ("CAN dollars"), which is the currency of the primary economic environment in which the Corporation operates ("functional currency").

Comparative figures for the years ended December 31, 2019 and 2018 have been restated to conform to the presentation adopted for the year ended December 31, 2020.

(b) Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

A subsidiary is an entity controlled by the Corporation. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests in the net assets and results of consolidated subsidiaries are identified separately from the parent corporation's ownership interest. Non-controlling interests in the equity of a subsidiary consist of the amount of non-controlling interests calculated at the date of the original business combination and their share of changes in equity since that date. Changes in non-controlling interests in a subsidiary that do not result in a loss of control by the Corporation are accounted for as equity transactions.

(c) Business acquisition

A business acquisition is accounted for by the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can be comprised of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the business acquired are recognized at their fair value at the acquisition date. Results of operations of a business acquired are included in the Corporation's consolidated financial statements from the date of the business acquisition. Business acquisition and integration costs are expensed as incurred and included as other items in the consolidated statements of income.

(d) Foreign currency translation

Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transaction. Translation gains and losses on monetary assets and liabilities denominated in a foreign currency are included in financial expenses, or in gain or loss on valuation and translation of financial instruments.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

The Corporation accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

The portion of revenues that is invoiced and unearned is presented as "Deferred revenue" in the consolidated balance sheets. Deferred revenue is usually recognized as revenue in the subsequent year.

The Corporation provides services under multiple deliverable arrangements, mainly for mobile contracts in which the sale of mobile devices is bundled with telecommunication services over the contract term. The total consideration from a contract with multiple deliverables is allocated to all performance obligations in the contract based on the stand-alone selling price of each obligation. The total consideration is generally comprised of an upfront fee for the equipment sale and a monthly fee for the telecommunication service. Each performance obligation of multiple deliverable arrangements is then separately accounted for based on its allocated consideration amount.

The Corporation does not adjust the amount of consideration allocated to the equipment sale for the effects of a financing component since this component is not significant.

The Corporation recognizes each of its main activities' revenues as follows:

- operating revenues from subscriber services, such as television distribution, Internet access, wireline and mobile telephony, and over-the-top video services are recognized when services are provided;
- revenues from equipment sales to subscribers are recognized when the equipment is delivered;
- operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided; and
- wireline connection and mobile activation revenues are deferred and recognized respectively as revenues over the period of time the customer is expected to remain a customer of the Corporation and over the contract term.

When a mobile device and a service are bundled under a single mobile contract, the term of the contract is generally 24 months.

The portion of mobile revenues earned without being invoiced is presented as contract assets in the consolidated balance sheets. Contract assets are realized over the term of the contract.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets

For the purposes of assessing impairment, assets are grouped in cash-generating units (“CGUs”), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Corporation reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal represents the amount an entity could obtain at the valuation date from the asset’s disposal in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU’s carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the consolidated statements of income to the extent that the resulting carrying value does not exceed the carrying value that would have been the result had no impairment loss been recognized previously.

(g) Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be reduced subsequently, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized either in other comprehensive income or directly in equity to the extent that it relates to items that are recognized in other comprehensive income or directly in equity in the same or a different period.

In the course of the Corporation’s operations, there are a number of uncertain tax positions due to the complexity of certain transactions and to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Corporation recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leases

The Corporation recognizes, for most of its leases, a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the term of the lease, less incentive payments received, using the Corporation incremental borrowing rate at that date or interest rate implicit in the lease. The term of the lease is comprised of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interests on lease liabilities are recorded in the consolidated statements of income as financial expenses and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

(i) Financial instruments

Classification, recognition and measurement

Most of financial assets and liabilities are classified as subsequently measured at amortized cost, except for derivative financial instruments, investments in preferred shares of an affiliated corporation and loans from/to the parent corporation, which are measured at fair value through other comprehensive income or through profit or loss. Contingent consideration and future conditional adjustments arising from a business acquisition or disposal are measured at fair value at the transaction date with subsequent changes in fair value recorded in the consolidated statements of income.

Derivative financial instruments and hedge accounting

The Corporation uses various derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Corporation does not hold or use any derivative financial instruments for speculative purposes. Under hedge accounting, the Corporation documents all hedging relationships between hedging instruments and hedged items, as well as its strategy for using hedges and its risk-management objective. It also designates its derivative financial instruments as either fair value hedges or cash flow hedges when they qualify for hedge accounting. The Corporation assesses the effectiveness of its hedging relationships at initiation and on an ongoing basis.

The Corporation generally enters into the following types of derivative financial instruments:

- The Corporation uses foreign exchange forward contracts to hedge foreign currency rate exposure on anticipated equipment or inventory purchases in a foreign currency. These foreign exchange forward contracts are designated as cash flow hedges.
- The Corporation uses cross-currency interest rate swaps to hedge (i) foreign currency rate exposure on interest and principal payments on foreign currency denominated debt and/or (ii) fair value exposure on certain debt resulting from changes in interest rates. The cross-currency interest rate swaps that set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting an interest rate from a floating rate to a floating rate or from a fixed rate to a fixed rate, are designated as cash flow hedges. The cross-currency interest rate swaps are designated as fair value hedges when they set all future interest and principal payments on U.S.-dollar-denominated debt in fixed CAN dollars, in addition to converting the interest rate from a fixed rate to a floating rate.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

- The Corporation has established a hedge ratio of one for one for all its hedging relationships as underlying risks of its hedging derivatives are identical to the hedged item risks.

The Corporation measures and records the effectiveness of its hedging relationships as follows:

- For cash flow hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in the fair value of a hypothetical derivative that simulates the hedged items cash flows.
- For fair value hedges, the hedge effectiveness is tested and measured by comparing changes in the fair value of the hedging derivative with the changes in fair value of the hedged item attributable to the hedged risk.
- Most of the Corporation's hedging relationships are not generating material ineffectiveness. The ineffectiveness, if any, is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Under hedge accounting, the Corporation applies the following accounting policies:

- For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging derivative recorded in income are substantially offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When a fair value hedge is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to income over the remaining term of the original hedging relationship.
- For derivative financial instruments designated as cash flow hedges, the effective portion of a hedge is reported in other comprehensive income until it is recognized in income during the same period in which the hedged item affects income, while the ineffective portion is immediately recognized in income. When a cash flow hedge is discontinued, the amounts previously recognized in accumulated other comprehensive income are reclassified to income when the variability in the cash flows of the hedged item affects income.

Any change in the fair value of derivative financial instruments recorded in income is included in gain or loss on valuation and translation of financial instruments. Interest expense on hedged long-term debt is reported at the hedged interest and foreign currency rates.

Derivative financial instruments that do not qualify for hedge accounting, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts, are reported on a fair value basis in the consolidated balance sheets. Any change in the fair value of these derivative financial instruments is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

(j) Financing costs

Financing costs 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, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Tax credits and government assistance

The Corporation receives tax credits mainly related to its research and development activities and has access to a government program designed to support large investment projects. Government financial assistance is accounted for as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are being met.

(l) 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.

(m) Accounts receivable and contract assets

Accounts receivable and contract assets are presented net of a provision for expected credit losses. The Corporation is using the IFRS 9 expected credit losses method to estimate that provision, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. Amounts receivable are written off when deemed uncollectible.

(n) Inventories

Inventories are valued at the lower of cost, determined by the first-in, first-out method or the weighted-average cost method, and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed.

(o) Property, plant and equipment

Property, plant and equipment are recorded at cost. Cost represents the acquisition costs, net of government grants and investment tax credits, or construction costs, including preparation, installation and testing costs. In the case of projects to construct wireline and mobile networks, the cost includes equipment, direct labour and related overhead costs. Projects under development may also be comprised of advance payments made to suppliers for equipment under construction.

Borrowing costs are also included in the cost of property, plant and equipment during the development phase. Expenditures, such as maintenance and repairs, are expensed as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Assets	Estimated useful life
Buildings and leasehold improvements	5 to 40 years
Furniture and equipment	3 to 7 years
Telecommunication networks	3 to 20 years
Customer equipment	3 to 5 years

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Property, plant and equipment (continued)

Depreciation methods, residual values, and the useful lives of significant property, plant and equipment are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

Leasehold improvements are depreciated over the shorter of the term of the lease and their estimated useful life.

The Corporation does not record any decommissioning obligations in connection with its wireline distribution networks. The Corporation expects to renew all of its agreements with utility companies to access their support structures in the future, making the retirement date so far into the future that the present value of the restoration costs is insignificant for those assets.

The Corporation is engaged in an agreement to operate a shared LTE network in the Province of Québec and in the Ottawa region.

(p) Goodwill and intangible assets

Goodwill

Goodwill initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed.

Goodwill is allocated as at the date of a business acquisition to a CGU for purposes of impairment testing (note 1(f)). The allocation is made to the CGU or group of CGUs expected to benefit from the synergies of the business acquisition.

Intangible assets

Spectrum licences are recorded at cost. Spectrum licences have an indefinite useful life and are not amortized based on the following facts: (i) the Corporation intends to renew the spectrum licences and believes that they are likely to be renewed by Innovation, Science and Economic Development Canada, (ii) the Corporation has the financial and operational ability to renew these spectrum licences, (iii) currently, the competitive, legal and regulatory landscape does not limit the useful lives of the spectrum licences, and (iv) the Corporation foresees no limit to the period during which these licences can be expected to generate cash flows in the future.

Software is recorded at cost. In particular, internally generated intangible assets such as software and website development are mainly comprised of internal costs in connection with the development of assets to be used internally or to provide services to customers. These costs are capitalized when the development stage of the software application begins and costs incurred prior to that stage are recognized as expenses.

Customer relationships and other intangible assets acquired through a business acquisition are recorded at fair value at the date of acquisition. Trademarks have an indefinite useful life and are not amortized.

Borrowing costs directly attributable to the acquisition, development or production of an intangible asset are also included as part of the cost of that asset during the development phase.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Goodwill and intangible assets (continued)

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
Software, licences and other intangible assets	3 to 7 years
Customer relationships and other	5 to 8 years

Amortization methods, residual values, and the useful lives of significant intangible assets are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

(q) Contract costs

Incremental and direct costs, such as costs to obtain a contract, mainly sales commissions, or the cost of connecting a subscriber to the Corporation's telecommunication network are included in contract costs and amortized over the period of time the customer is expected to maintain its service or over the contract term. The amortization of contract costs is included in purchase of goods and services in the consolidated statements of income.

(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. Restructuring costs, comprised primarily of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected, that the plan will be carried out.

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

(s) Stock-based compensation

Stock-based awards to employees that call for settlement in cash, as deferred share units ("DSUs") or performance share units ("PSUs"), or that call for settlement in cash at the option of the employee, as stock option awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation cost.

The fair value of DSUs and PSUs is based on the underlying share price at the date of valuation. The fair value of stock option awards is determined by applying an option pricing model, taking into account the terms and conditions of the grant. Key assumptions are described in note 19.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 and;
- curtailment or settlement gain or loss.

Interest on net defined benefit liability or asset recognized in the consolidated statements of income as financial expenses, is determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation.

Re-measurements of the net defined benefit liability or asset are recognized immediately in other comprehensive (loss) income and in accumulated other comprehensive (loss) 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 anticipated as part of the interest on net defined benefit liability or asset calculation and;
- changes in the net benefit asset limit or in the minimum funding liability.

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent that the Corporation can unilaterally reduce those future contributions. In addition, an adjustment to the net benefit asset or the net benefit liability can be recorded to reflect a minimum funding liability in a certain number of the Corporation's pension plans.

The Corporation also offers discounts on telecommunication services and health, life and dental insurance plans to some of its retired employees. The cost of postretirement benefits is determined using an accounting methodology similar to that for defined benefit pension plans. The benefits related to these plans are funded by the Corporation as they become due.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 those estimates.

The following significant areas represent management's most difficult, subjective or complex estimates:

(i) Recoverable amount of an asset or a CGU

When an impairment test is performed on an asset or a CGU, management estimates the recoverable amount of the asset or CGU based on its fair value less costs of disposal or its value in use. These estimates are based on valuation models requiring the use of a number of assumptions such as forecasts of future cash flows, pre-tax discount rate (WACC) and perpetual growth rate. These assumptions have a significant impact on the results of impairment tests and on the impairment charge, as the case may be, recorded in the consolidated statements of income. A description of key assumptions used in the goodwill impairment tests and a sensitivity analysis of recoverable amounts are presented in note 12.

(ii) Costs and obligations related to pension and postretirement benefit plans

Estimates of costs and obligations related to pension and postretirement benefit obligations are based on a number of assumptions, such as the discount rate, the rate of increase in compensation, the retirement age of employees, health care costs, and other actuarial factors. Certain of these assumptions may have a significant impact on employee costs and financial expenses recorded in the consolidated statements of comprehensive income, the re-measurement gain or loss on defined benefit plans recorded in the consolidated statements of comprehensive income, and on the carrying value of other assets or other liabilities in the consolidated balance sheets. Key assumptions and a sensitivity analysis on the discount rate are presented in note 26.

(iii) Provisions

The recognition of provisions requires management to estimate expenditures required to settle a present obligation or to transfer it to a third party at the date of assessment. It can also require an assessment of the probable outcomes of legal proceedings or other contingencies. It can also require an assessment of the probable outcomes of legal proceedings or other contingencies. Management expectations on the potential effect of the possible outcomes of legal disputes on the consolidated financial statements, is presented in note 23.

(iv) Contingent considerations and future conditional adjustments

Contingent considerations and future conditional adjustments arising from business acquisition or disposal are measured and accounted for at their fair value. The fair value is estimated based on a present value model requiring management to assess the probabilities that the conditions on which the contingent considerations and future conditional adjustments are based will be met in the future. The assessment of these contingent potential outcomes requires judgment from management and could have an impact on the initial amount of contingent considerations or future conditional adjustments recognized and on any subsequent changes in fair value recorded in the consolidated statements of income.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Use of estimates and judgments (continued)

The following areas represent management's most significant judgments, apart from those involving estimates:

(i) Useful life periods for the depreciation and amortization of assets with finite useful lives

For each class of assets with finite useful lives, management has to determine over which period the Corporation will consume the assets' future economic benefits. The determination of a useful life period involves judgment and has an impact on the depreciation and amortization charge recorded in the consolidated statements of income.

(ii) Indefinite useful life of spectrum licences

Management has concluded that spectrum licences have an indefinite useful life. This conclusion was based on an analysis of factors, such as the Corporation's financial ability to renew the spectrum licences, the competitive, legal and regulatory landscape, and future expectations regarding the use of the spectrum licences. The determination that spectrum licences have an indefinite useful life therefore involves judgment, which could have an impact on the amortization charge recorded in the consolidated statements of income if management were to change its conclusion in the future.

(iii) Interpretation of laws and regulations

Interpretation of laws and regulation, including those of the Canadian Radio-television and Telecommunications Commission ("CRTC") and tax regulations, requires judgment from management and could have an impact on revenue recognition, provisions, income taxes and capital expenditures in the consolidated financial statements.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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2. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components are as follows:

	2020	2019	2018
Employee costs	\$ 595.5	\$ 605.2	\$ 582.2
Less employee costs capitalized to property, plant and equipment and intangible assets	(191.7)	(206.6)	(197.0)
	<u>403.8</u>	<u>398.6</u>	<u>385.2</u>
Purchase of goods and services:			
Royalties and rights	403.9	397.8	427.2
Cost of retail product	444.6	368.6	335.7
Subcontracting costs	148.8	102.4	99.3
Marketing and distribution expenses	56.0	68.6	62.6
Other	301.0	337.3	352.1
	<u>1,354.3</u>	<u>1,274.7</u>	<u>1,276.9</u>
	<u>\$ 1,758.1</u>	<u>\$ 1,673.3</u>	<u>\$ 1,662.1</u>

3. FINANCIAL EXPENSES

	2020	2019	2018
Third parties:			
Interest on long-term debt	\$ 204.3	\$ 195.8	\$ 179.1
Amortization of financing costs	5.8	5.1	4.3
Interest on net defined benefit liability	4.4	4.3	4.1
(Gain) loss on foreign currency translation on short-term monetary items	(2.1)	(2.0)	2.6
Interest on lease liabilities	4.9	4.6	5.1
Other	(0.9)	(0.1)	(5.4)
	<u>216.4</u>	<u>207.7</u>	<u>189.8</u>
Affiliated corporations:			
Interest expense	167.0	207.3	185.0
Dividend income	(168.8)	(209.5)	(186.9)
Interest on lease liabilities	1.8	2.0	2.1
Interest income	(7.9)	(7.5)	(0.8)
	<u>(7.9)</u>	<u>(7.7)</u>	<u>(0.6)</u>
	<u>\$ 208.5</u>	<u>\$ 200.0</u>	<u>\$ 189.2</u>

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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4. RESTRUCTURING OF OPERATIONS AND OTHER ITEMS

During the year ended December 31, 2020, charges of \$21.0 million were recorded in connection with cost reduction initiatives (\$4.9 million in 2019 and \$4.3 million in 2018).

Impairment charges of \$8.4 million were also recorded as a result of restructuring initiatives during the year ended December 31, 2020 (\$15.3 million in 2019 and \$12.9 million in 2018).

5. INCOME TAXES

The following table reconciles income taxes at the Corporation's domestic statutory tax rate of 26.5% in 2020 (26.6% in 2019 and 26.7% in 2018) and income taxes in the consolidated statements of income:

	2020	2019	2018
Income taxes at domestic statutory tax rate	\$ 233.6	\$ 238.5	\$ 217.9
Increase (reduction) resulting from:			
Effect of non-deductible charges, non-taxable income and differences between current and future tax rates	(1.5)	(3.7)	(2.8)
Effect of tax consolidation transactions with the parent corporation and affiliated corporations	(44.7)	(55.7)	(49.9)
Other	0.5	-	1.0
Income taxes	\$ 187.9	\$ 179.1	\$ 166.2

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		
	2020	2019	2020	2019	2018
Accounts payable, accrued charges, provisions and deferred revenue	\$ 11.0	\$ 9.3	\$ (1.7)	\$ 2.0	\$ (0.8)
Defined benefit plans	50.2	31.5	(2.5)	5.2	(1.1)
Contract assets	(81.1)	(58.3)	22.8	4.0	5.6
Property, plant and equipment	(459.9)	(475.4)	(15.7)	9.2	(17.7)
Goodwill, intangible assets and other assets	(303.9)	(305.7)	(4.4)	67.5	33.8
Long-term debt and derivative financial instruments	(15.2)	(19.5)	0.6	1.1	2.7
Other	8.3	8.6	0.3	(4.8)	(1.7)
	\$ (790.6)	\$ (809.5)	\$ (0.6)	\$ 84.2	\$ 20.8

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

5. INCOME TAXES (continued)

Changes in the net deferred income tax liability are as follows:

	2020	2019
Balance at beginning of year	\$ (809.5)	\$ (735.3)
Recognized in income as continuing operations	0.6	(84.2)
Recognized in other comprehensive income	21.1	10.0
Business acquisition	(2.8)	–
Balance at end of year	\$ (790.6)	\$ (809.5)

There are no income tax consequences attached to the payment of dividends or distributions by the Corporation to its shareholder.

6. INVENTORIES

	2020	2019
Customer equipment	\$ 71.2	\$ 76.5
Network materials	23.1	22.0
	\$ 94.3	\$ 98.5

Cost of inventories included in purchase of goods and services amounted to \$378.5 million in 2020 (\$299.3 million in 2019 and \$283.7 million in 2018). Write-downs of inventories totalling \$1.7 million were recognized in purchase of goods and services in 2020 (\$3.1 million in 2019 and \$2.1 million in 2018).

7. SUBORDINATED LOAN TO THE PARENT CORPORATION

On January 16, 2018, Quebecor Media Inc. reimbursed its subordinated loan of \$342.0 million to the Corporation.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

8. INVESTMENTS AND SUBORDINATED LOAN FROM THE PARENT CORPORATION

On February 27, 2018, the Corporation contracted a subordinated loan of \$2,390.0 million from Quebecor Media Inc., bearing interest at a rate of 9.5%, payable every six months on June 20 and December 20, and maturing on February 27, 2048. On the same day, the Corporation invested the total proceeds of \$2,390.0 million into 2,390,000 preferred shares, Series C, of 9346-9963 Quebec Inc. These shares carry the right to receive an annual dividend of 9.6%, payable semi-annually.

On November 30, 2018, 9346-9963 Quebec Inc., a subsidiary of Quebecor Media Inc., redeemed 795,000 preferred shares, Series C for a total cash consideration of \$795.0 million, and settled cumulative unpaid dividends of \$34.1 million. On the same day, the Corporation used the total proceeds of \$795.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

On October 11, 2019, the Corporation contracted a subordinated loan of \$2,950.0 million from Quebecor Media Inc., bearing interest at a rate of 10.0 %, payable every six months on June 20 and December 20, and maturing on October 11, 2049. On the same day, the Corporation invested the total proceeds of \$2,950.0 million into 2,950,000 preferred shares, Series D, of 9346-9963 Quebec Inc. These shares carry the right to receive an annual dividend of 10.1%, payable semi-annually.

On December 19, 2019, 9346-9963 Quebec Inc., a subsidiary of Quebecor Media Inc., redeemed 2,950,000 preferred shares, Series D for a total cash consideration of \$2,950.0 million, and settled cumulative unpaid dividends of \$56.3 million. On the same day, the Corporation used the total proceeds of \$2,950.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

On November 12, 2020, the Corporation contracted a subordinated loan of \$1,700.0 million from Quebecor Media inc, bearing interest at a rate of 9.0%, payable every six months on June 20 and December 20, and maturing on November 12, 2050. On the same day, the Corporation invested the total proceeds of \$1,700.0 million into 1,700,000 preferred shares, Series L, of 9346-9963 Quebec Inc. These shares carry the right to receive an annual dividend of 9.1%, payable semi-annually.

On December 18, 2020, 9346-9963 Quebec Inc, a subsidiary of Quebecor Media Inc, redeemed 1,700,000 preferred shares, Series L for a total cash consideration of \$1,700.0 million, and settled cumulative unpaid dividends of \$15.3 million. On the same day, the Corporation used the total proceeds of \$1,700.0 million to repay its subordinated loans contracted from Quebecor Media Inc.

These transactions were carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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9. PROPERTY, PLANT AND EQUIPMENT

Changes in the net carrying amount of property, plant and equipment are as follows:

	Land, buildings and leasehold improvements	Furniture and equipment	Telecom- munication networks	Customer equipment	Projects under develop- ment	Total
Cost						
Balance as of						
December 31, 2018	\$ 214.8	\$ 659.9	\$ 6,068.3	\$ 897.1	\$ 81.7	\$ 7,921.8
Additions	14.8	41.8	252.5	54.2	113.5	476.8
Net change in additions financed						
with non-cash balances	–	0.1	(5.3)	(6.0)	(6.2)	(17.4)
Reclassification	2.8	12.8	88.8	72.5	(103.2)	73.7
Retirement, disposals and other	–	(7.1)	(14.9)	(44.2)	–	(66.2)
Balance as of						
December 31, 2019	232.4	707.5	6,389.4	973.6	85.8	8,388.7
Additions	8.5	40.5	230.3	16.1	133.8	429.2
Business acquisitions	1.5	1.6	6.0	–	–	9.1
Net change in additions financed						
with non-cash balances ¹	(0.1)	0.5	(57.1)	1.0	(7.5)	(63.2)
Reclassification	–	12.9	184.6	(72.5)	(125.0)	–
Retirement, disposals and other	(0.3)	(8.9)	(234.8)	(109.2)	–	(353.2)
Balance as of						
December 31, 2020	\$ 242.0	\$ 754.1	\$ 6,518.4	\$ 809.0	\$ 87.1	\$ 8,410.6

¹ Includes a \$36.7 million government credit for large investment projects receivable in 2020.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements	Furniture and equipment	Telecom- munication networks	Customer equipment	Projects under develop- ment	Total
Accumulated depreciation and impairment losses						
Balance as of						
December 31, 2018	\$ 76.6	\$ 478.8	\$ 3,540.4	\$ 689.6	\$ –	\$ 4,785.4
Depreciation	7.8	50.7	402.2	97.4	–	558.1
Retirement, disposals and other	2.5	(4.5)	(10.6)	(42.3)	–	(54.9)
Balance as of						
December 31, 2019	86.9	525.0	3,932.0	744.7	–	5,288.6
Depreciation	7.1	51.4	454.8	73.5	–	586.8
Business acquisition	0.3	1.4	4.1	–	–	5.8
Retirement, disposals and other	(0.3)	(8.9)	(234.7)	(106.2)	–	(350.1)
Balance as of						
December 31, 2020	\$ 94.0	\$ 568.9	\$ 4,156.2	\$ 712.0	\$ –	\$ 5,531.1
Net carrying amount						
As of December 31, 2019	\$ 145.5	\$ 182.5	\$ 2,457.4	\$ 228.9	\$ 85.8	\$ 3,100.1
As of December 31, 2020	\$ 148.0	\$ 185.2	\$ 2,362.2	\$ 97.0	\$ 87.1	\$ 2,879.5

In 2020, the amortization of certain components of the Corporation's telecommunication networks was accelerated in order to reflect shorter remaining useful lives as a result of technology changes. Depreciation was increased by \$24.0 million in 2020 to reflect the new useful lives.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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10. INTANGIBLE ASSETS

Changes in the net carrying amount of intangible assets are as follows:

	Spectrum licences	Software, licences and other intangible assets	Projects under development	Total
Cost				
Balance as of December 31, 2018	\$ 723.5	\$ 1,004.0	\$ 160.8	\$ 1,888.3
Additions ¹	255.8	197.4	14.9	468.1
Net change in additions financed with non-cash balances	–	(73.3)	60.7	(12.6)
Reclassification	–	80.8	(154.5)	(73.7)
Retirement, disposals and other	–	(9.7)	–	(9.7)
Balance as of December 31, 2019	979.3	1,199.2	81.9	2,260.4
Additions	–	122.1	58.1	180.2
Business acquisitions	–	9.8	–	9.8
Net change in additions financed with non-cash balances ²	–	(114.9)	62.2	(52.7)
Reclassification	–	99.7	(99.7)	–
Retirement, disposals and other	–	(19.1)	–	(19.1)
Balance as of December 31, 2020	\$ 979.3	\$ 1,296.8	\$ 102.5	\$ 2,378.6

¹ On April 10, 2019, the Corporation acquired 10 spectrum licences in the 600 MHz band covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario regions for a total price of \$255.8 million.

² Includes a \$50.3 million government credit for large investment projects receivable in 2020.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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10. INTANGIBLE ASSETS (continued)

	Spectrum licences	Software, licences and other intangible assets	Projects under development	Total
Accumulated amortization and impairment losses				
Balance as of December 31, 2018	\$ 247.7	\$ 581.0	\$ –	\$ 828.7
Amortization	–	95.0	–	95.0
Balance as of December 31, 2019	247.7	676.0	–	923.7
Amortization	–	122.6	–	122.6
Retirement, disposals and other	–	(19.1)	–	(19.1)
Balance as of December 31, 2020	\$ 247.7	\$ 779.5	\$ –	\$ 1,027.2
Net carrying amount				
As of December 31, 2019	\$ 731.6	\$ 523.2	\$ 81.9	\$ 1,336.7
As of December 31, 2020	\$ 731.6	\$ 517.3	\$ 102.5	\$ 1,351.4

The cost of internally generated intangible assets, mainly composed of software, was \$631.5 million as of December 31, 2020 (\$573.8 million as of December 31, 2019). For the year ended December 31, 2020, the Corporation recorded additions of internally generated intangible assets of \$73.1 million (\$40.1 million in 2019 and \$33.9 million in 2018).

The accumulated amortization and impairment losses of internally generated intangible assets, mainly composed of software, was \$388.4 million as of December 31, 2020 (\$358.8 million as of December 31, 2019). For the year ended December 31, 2020, the Corporation recorded \$44.0 million in amortization on its internally generated intangible assets (\$39.5 million in 2019 and \$35.3 million in 2018).

The net carrying value of internally generated intangible assets was \$243.1 million as of December 31, 2020 (\$215.0 million as of December 31, 2019).

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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11. RIGHT-OF-USE ASSETS

Changes in the net carrying amount of right-of-use assets which mainly relates to leases of premises and vehicles, are as follows:

	2020	2019
Cost		
Balance at beginning of year	\$ 271.6	\$ 249.0
Additions financed with lease obligations	67.5	27.5
Retirement and other	(19.8)	(4.9)
Balance at end of year	<u>319.3</u>	<u>271.6</u>
Accumulated depreciation		
Balance at beginning of year	186.1	158.4
Depreciation	34.4	32.5
Retirement and other	(12.5)	(4.8)
Balance at end of year	<u>208.0</u>	<u>186.1</u>
Net carrying amount	<u>\$ 111.3</u>	<u>\$ 85.5</u>

The Corporation does not recognize right-of-use assets and lease liabilities for short-term leases and leases of low value assets.

The net carrying amount includes right-of-use assets with affiliated corporations of \$15.3 million as of December 31, 2020 (\$19.1 million as of December 31, 2019). The depreciation expense on leases with affiliated corporations was \$3.8 million in 2020 (\$3.7 million in 2019).

12. GOODWILL

For the years ended December 31, 2020 and 2019, changes in the net carrying amount of goodwill are as follows:

	2020	2019
Cost		
Balance at beginning of year	\$ 583.5	\$ 583.5
Business acquisitions	23.1	–
Balance at end of year	<u>606.6</u>	<u>583.5</u>
Accumulated impairment losses		
Balance at beginning and at end of year	<u>68.5</u>	<u>68.5</u>
Net carrying amount	<u>\$ 538.1</u>	<u>\$ 515.0</u>

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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12. GOODWILL (continued)

Recoverable amount

The recoverable amount of the Telecommunications CGU was determined based on the higher of a 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 the CGU's past operating performance and market share as well as economic trends, along with specific and market industry trends and corporate strategies. In particular, specific assumptions are used for each type of revenue generated by the CGU or for each nature of expenses, as well as for future capital expenditures. Such assumptions will consider, among many other factors, subscribers, competitive landscape, evolution of products and services offerings, wireless penetration growth, technology evolution, bargaining agreements, Canadian GDP rates and operating cost structures.

A perpetual growth rate is used for cash flows beyond the three-year strategic plan period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to the 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 CGU participates. The following key assumptions were used to determine recoverable amounts in the most recent impairment tests performed.

CGU group	2020		2019	
	Pre-tax discount rate (WACC)	Perpetual growth rate	Pre-tax discount rate (WACC)	Perpetual growth rate
Telecommunications ¹	8.5%	2.0%	9.0%	2.5%

¹ In 2020 and 2019, the recoverable amounts of the CGU were based on value in use, using the discounted cash flow method.

No reasonable changes in the discount rate or in the perpetual growth rate used in the most recent test performed would have caused the recoverable amount of the Telecommunication CGU to equal its carrying value.

Business acquisitions

On December 31, 2020, Videotron closed the acquisition of Télédistribution Amos inc. and its network in Abitibi-Témiscamingue for a cash consideration of \$32.9 million, net of cash acquired of \$0.1 million. The acquired assets consist mainly of the network, intangible assets and goodwill.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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13. OTHER ASSETS

	2020	2019
Contract assets ¹	\$ 247.0	\$ 221.5
Contract costs ²	148.2	112.2
Other	89.9	2.4
	485.1	336.1
Less current portion of contract assets	(174.9)	(168.4)
Less current portion of contract costs (included in "Other current assets")	(59.9)	(54.5)
	<u>\$ 250.3</u>	<u>\$ 113.2</u>

¹ Impairment loss on contract assets resulting from mobile contracts being cancelled prior to their initial term amounted to \$20.5 million in 2020 (\$19.7 million in 2019 and \$25.8 million in 2018), net of the early termination penalty charged to the customer. In current and comparative periods, there were no significant cumulative catch-up adjustments to revenue that affected the corresponding contract asset, including adjustments arising from a change in an estimate of the transaction price or a contract modification. There were also no significant changes in the time frame for a performance obligation to be satisfied.

² Amortization amounted to \$65.9 million in 2020 (\$63.6 million in 2019 and \$63.2 million in 2018).

14. ACCOUNTS PAYABLE, ACCRUED CHARGES AND PROVISIONS

	2020	2019
Trade and accruals	\$ 458.3	\$ 420.8
Salaries and employee benefits	82.7	98.3
Interest payable	52.4	52.7
Provisions	12.3	10.6
Stock-based compensation	2.3	3.5
	<u>\$ 608.0</u>	<u>\$ 585.9</u>

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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15. LONG-TERM DEBT

	Effective interest rate as of December 31, 2020	2020	2019
Bank credit facilities (i)	-%	\$ -	\$ 89.3
Senior Notes (ii)		4,120.0	4,173.0
		4,120.0	4,262.3
Change in fair value related to hedged interest rate risk		16.8	9.1
Financing costs, net of amortization		(25.3)	(31.2)
		<u>\$ 4,111.5</u>	<u>\$ 4,240.2</u>

As of December 31, 2020, the carrying value of long-term debt denominated in U.S. dollars, excluding financing costs, was \$2,561.8 million (\$2,607.1 million as of December 31, 2019) while the net fair value of related hedging derivative instruments was in an asset position of \$333.3 million (\$391.0 million as of December 31, 2019).

- (i) The bank credit facility provides for a \$1,500.0 million secured revolving credit facility that matures in July 2023 and bears interest at Bankers' acceptance rate, London Inter-bank Offered Rate ("LIBOR"), Canadian prime rate or U.S. prime rate, plus a premium determined by the Corporation's leverage ratio. The bank credit facility is secured by a first ranking hypothec on the universality of all tangible and intangible assets, current and future, of the Corporation and most of its wholly owned subsidiaries. As of December 31, 2020, the bank credit facility was secured by assets with a carrying value of \$8,114.0 million (\$8,062.9 million in 2019). The bank credit facility contains covenants such as maintaining certain financial ratios, as well as limitations on the Corporation's ability to incur additional indebtedness, pay dividends, or make other distributions. As of December 31, 2020, no amount was drawn on the secured revolving credit facility (\$89.3 million was drawn as of December 31, 2019).

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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15. 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 maturity. The Senior Notes are guaranteed by specific subsidiaries of the Corporation. The following table summarizes the terms of the outstanding Senior Notes as of December 31, 2020:

Principal amount	Annual nominal interest rate	Maturity date	Interest payable every 6 months on
US\$ 800.0	5.000%	July 15, 2022	January and July 15
US\$ 600.0	5.375%	June 15, 2024	June and December 15
\$ 400.0	5.625%	June 15, 2025	April and October 15
\$ 375.0	5.750%	January 15, 2026	March and September 15
US\$ 600.0	5.125%	April 15, 2027	April and October 15
\$ 800.0 ¹	4.500%	January 15, 2030	April and October 15

¹ The Notes were issued in October 2019 for net proceeds of \$790.7 million, net of financing costs of \$9.3 million.

On December 31, 2020, the Corporation was in compliance with all debt covenants.

Principal repayments of long-term debt over the coming years are as follows:

2021	\$ –
2022	1,018.0
2023	–
2024	763.5
2025	400.0
2026 and thereafter	1,938.5

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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15. LONG-TERM DEBT (continued)

Changes in long-term debt are as follows:

	2020	2019
Balance at beginning of year	\$ 4,240.2	\$ 4,219.6
Net change under revolving facility, net of financing costs	(89.3)	(649.1)
Issuance of long-term debt, net of financing costs	–	790.7
Foreign currency translation	(52.9)	(132.8)
Amortization of financing costs	5.8	5.1
Change in fair value related to hedged interest rate risk	7.7	6.7
Balance at end of year	\$ 4,111.5	\$ 4,240.2

16. LEASE LIABILITIES

Changes in lease liabilities are as follows:

	2020	2019
Balance at beginning of year	\$ 114.2	\$ 122.6
Lease obligations financing right-of-use assets	67.5	27.5
Repayments	(39.4)	(35.9)
	\$ 142.3	114.2
Less current portion	(32.0)	(29.4)
	\$ 110.3	\$ 84.8

Lease liabilities with affiliated corporations amounted to \$26.3 million as of December 31, 2020 (\$28.9 million in 2019).

Interest rates on lease liabilities ranged from 1.9% to 8.5% as of December 31, 2020 and 2019.

Repayments of lease liabilities over the coming years are as follows:

2021	\$ 32.0
2022	26.2
2023	24.4
2024	19.6
2025	12.0
2026 and thereafter	28.1

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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17. OTHER LIABILITIES

	Note	2020	2019
Defined benefit plans	26	\$ 196.1	\$ 125.5
Future conditional adjustments	27	17.6	53.1
Other		38.9	48.1
		<u>\$ 252.6</u>	<u>\$ 226.7</u>

18. 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, 2018	10,544,962	\$ 1,320.5
Issuance of common shares	166,203	153.3
Reduction in paid-up capital	-	(465.0)
Balance as of December 31, 2019	10,711,165	1,008.8
Issuance of common shares	7,162	6.8
Balance as of December 31, 2020	<u>10,718,327</u>	<u>\$ 1,015.6</u>

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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18. CAPITAL STOCK (continued)

(b) Issued and outstanding capital stock (continued)

Corporate reorganization

On January 3, 2018, Quebecor Media Inc. transferred and subsequently cancelled all of its 172,516,829 common shares in the Corporation in the amount of \$132.4 million to a newly fully owned subsidiary, 9370-5762 Quebec Inc. in exchange for i) a convertible promissory note for a value of \$3,908.6 million that is convertible into 3,908,570 common shares of 9370-5762 Quebec Inc. and ii) 6,636,391 common shares of 9370-5762 Quebec Inc. The following day, the Corporation was merged with 9370-5762 Quebec Inc. The new merged Corporation continues to operate under the name of Videotron Ltd. Since this transaction resulted in no substantive changes in the parent corporation reporting group, the transaction was accounted for using the continuity of interest method. Under this method, all figures of the Corporation reflect the carrying values of the two merged entities.

On January 8, 2018, the convertible promissory note was converted into 3,908,570 common shares of the Corporation. This corporate reorganization resulted in an increase of \$3,776.2 million of capital stock and a decrease of retained earnings by the same amount.

Issuance of common shares

On January 25, 2019, the Corporation issued 162,640 common shares to its parent corporation for a cash consideration of \$150.0 million.

On July 26, 2019, the Corporation issued 3,563 common shares to its parent corporation for a cash consideration of \$3.3 million.

On January 30, 2020, the Corporation issued 3,406 common shares to its parent corporation for a cash consideration of \$3.3 million.

On July 29, 2020, the Corporation issued 3,756 common shares to its parent corporation for a cash consideration of \$3.5 million.

Reduction of paid-up capital

During the year ended December 31, 2018, the Corporation reduced its paid-up capital for total cash considerations of \$2,588.1 million.

During the year ended December 31, 2019, the Corporation reduced its paid-up capital for total cash considerations of \$465.0 million.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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19. STOCK-BASED COMPENSATION PLANS

(a) Ultimate parent corporation plan

(i) Stock option plan

Under a stock option plan established by the ultimate parent corporation, 26,000,000 Quebecor Inc. Class B Subordinate Shares ("Quebecor Class B Shares") have been set aside for directors, officers, senior employees, and other key employees of the ultimate parent corporation and those of the Corporation. The exercise price of each option is equal to the weighted average trading price of the Quebecor Class B Shares on the Toronto Stock Exchange over the last five trading days immediately preceding the granting of the option. Each option may be exercised during a period not exceeding 10 years from the date granted. As per the provisions of the plan, options usually vest as follows: 1/3 after one year, 2/3 after two years, and 100% three years after the original grant. The Board of Directors of the ultimate parent corporation may, at its discretion, affix different vesting periods at the time of each grant. Thus, since 2018, when granting options, the Board of Directors of the ultimate parent corporation has determined that the options would vest equally over three years with the first 33 1/3% vesting on the third anniversary of the date of grant. Holders of options under the stock option plan have the choice, when they exercise their options, of acquiring the Quebecor Class B Shares at the corresponding option exercise price or receiving a cash payment equivalent to the difference between the market value of the underlying shares and the exercise price of the option. Holders of options have committed to obtain the consent of the ultimate parent corporation before exercising their right to subscribe the shares for which they exercise their options.

The following table gives details on changes to outstanding options in the principal stock-based compensations in which management of the Corporation participates, for the years ended December 31, 2020 and 2019:

	2020		2019	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance at beginning of year	1,033,900	\$ 29.19	428,900	\$ 18.89
Granted	555,000	33.19	545,000	31.59
Transferred ¹	-	-	580,000	18.87
Exercised	-	-	(500,000)	11.11
Cancelled	(121,200)	30.95	(20,000)	26.52
Balance at end of year	1,467,700	\$ 30.56	1,033,900	\$ 29.19

¹ These options were transferred from the ultimate parent corporation. The fair value of the liability at the transfer date is assumed by the ultimate parent corporation, while subsequent changes in the fair value is assumed by the Corporation.

As of December 31, 2020 and 2019, there was no vested options.

During the year ended December 31, 2020, no stock options of the ultimate parent corporation were exercised (500,000 stock options for \$5.4 million in 2019).

As of December 31, 2020, exercise prices of all outstanding options are from \$26.52 to \$33.19 and the average of years to maturity is 8.6.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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19. STOCK-BASED COMPENSATION PLANS (continued)

(a) Ultimate parent corporation plan (continued)

(ii) Deferred share unit and performance share unit plans

The ultimate parent corporation established a DSU plan and a PSU plan for its employees and those of the Corporation. Both plans are based on Quebecor Class B Shares. The DSUs vest over nine years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares. No treasury shares will be issued for the purposes of these plans.

As of December 31, 2020, 85,007 DSUs (62,421 as of December 31, 2019) and no PSUs (48,840 as of December 31, 2019) were outstanding under these plans. During the year ended December 31, 2020, a cash consideration of \$1.2 million was paid upon PSUs redemption (\$2.0 million in 2019).

(b) Parent corporation stock option plan

Under a stock option plan established by the parent corporation, 6,180,140 Common Shares of the parent Corporation have been set aside for officers, senior employees, directors and other key employees of the Parent corporation and those 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 Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period in accordance with one of the following vesting schedules as determined by the Human Resources and Corporate Governance Committee at the time of grant: (i) equally over five years with the first 20% vesting on the first anniversary of the date of the grant; (ii) equally over four years with the first 25% vesting on the second anniversary of the date of grant; and (iii) equally over three years with the first 33 1/3% vesting on the third anniversary of the date of grant.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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19. STOCK-BASED COMPENSATION PLANS (continued)

(b) Parent corporation stock option plan (continued)

The following table provides details of changes to outstanding options for the years ended December 31, 2020 and 2019:

	2020		2019	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance at beginning of year	46,500	\$ 65.69	75,400	\$ 67.42
Transferred ¹	-	-	4,000	51.89
Exercised	(16,500)	68.21	(28,300)	67.56
Cancelled	-	-	(4,600)	70.56
Balance at end of year	30,000	\$ 64.31	46,500	65.69
Vested options at end of year	30,000	64.31	29,250	62.82

¹ These options were transferred from the parent corporation. The fair value of the liability at the transfer date is assumed by the parent corporation, while subsequent changes in the fair value is assumed by the Corporation.

During the year ended December 31, 2020, 16,500 stock options of Quebecor Media Inc. were exercised for a cash consideration of \$1.0 million (28,300 stock options for \$1.3 million in 2019).

As of December 31, 2020, exercise prices of all outstanding options are from \$51.89 to \$70.56 and the average of years to maturity is 3.4.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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19. STOCK-BASED COMPENSATION PLANS (continued)

(c) Assumptions in estimating the fair value of stock-based awards

The fair value of stock-based awards under the stock option plans of the ultimate parent corporation and 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:

	Ultimate parent corporation	Parent corporation
December 31, 2020		
Risk-free interest rate	0.54 %	0.27 %
Distribution yield	2.43 %	1.00 %
Expected volatility	21.15 %	28.96 %
Expected remaining life	4.6 years	1.0 years
	Ultimate parent corporation	Parent corporation
December 31, 2019		
Risk-free interest rate	1.80 %	1.79 %
Distribution yield	1.35 %	1.00 %
Expected volatility	17.94 %	14.51 %
Expected remaining life	5.1 years	1.1 years

Except for the parent corporation, the expected volatility is based on the historical volatility of the underlying share price for a period equivalent to the expected remaining life of the options. Since the Common Shares of 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 interest rate over the expected remaining life of the option is based on the Government of Canada yield curve in effect at the time of the valuation. Distribution yield is based on the current average yield.

(d) Liability of vested options

As of December 31, 2020, the liability for all vested options was \$1.9 million as calculated using the intrinsic value (\$1.8 million as of December 31, 2019).

(e) Consolidated stock-based compensation charge

For the year ended December 31, 2020, a consolidated charge related to all stock-based compensation plans was recorded in the amount of \$1.9 million (\$5.5 million in 2019 and \$3.0 million 2018).

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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20. ACCUMULATED OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO SHAREHOLDER

	Cash flow hedges ¹	Defined benefit plans	Total
Balance as of December 31, 2017	(4.0)	(37.8)	(41.8)
Other comprehensive loss	(10.9)	(9.3)	(20.2)
Balance as of December 31, 2018	\$ (14.9)	\$ (47.1)	\$ (62.0)
Other comprehensive income (loss)	47.9	(34.6)	13.3
Balance as of December 31, 2019	33.0	(81.7)	(48.7)
Other comprehensive loss	(12.2)	(44.8)	(57.0)
Balance as of December 31, 2020	\$ 20.8	\$ (126.5)	\$ (105.7)

¹ 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 6 ¼-year period.

21. COMMITMENTS

The Corporation has entered into long-term commitments to purchase services, tangible and intangible assets, and to pay licences and royalties. The minimum payments for the coming years are as follows:

2021	\$ 238.5
2022 to 2025	289.5
2026 and thereafter	193.9

22. GUARANTEES

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

Business and asset disposals

In the sale of all or part of a business or an asset, in addition to possible indemnification relating to failure to perform covenants and breach of representations or warranties, the Corporation may agree to indemnify against claims related to the past conduct of the business. Typically, the term and amount of such indemnification will be limited by the agreement. The nature of these indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay to guaranteed parties. The Corporation has not accrued any amount in respect of these items in the consolidated balance sheets.

Outsourcing companies and suppliers

In the normal course of its operations, the Corporation enters into contractual agreements with outsourcing companies and suppliers. In some cases, the Corporation agrees to provide indemnifications in the event of legal procedures initiated against them. In other cases, the Corporation provides indemnification to counterparties for damages resulting from the outsourcing companies and suppliers. The nature of the indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay. No amount has been accrued in the consolidated balance sheets with respect to these indemnifications.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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23. CONTINGENCIES

There are a number of legal proceedings against the Corporation that are pending. At this stage of proceedings, management of the Corporation is in the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position. Generally, management of the Corporation establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to these legal proceedings.

On August 15, 2019, the Canadian Radio-television and Telecommunications Commission ("CRTC") issued an order finalizing the rates, retroactively to March 31, 2016, at which the large cable and telephone companies provide aggregated wholesale access to their high-speed Internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation's consolidated financial statements. The new proposed rates are substantially lower than the interim rates and could represent a reduction in earnings of approximately \$30.0 million (before income taxes) for the year 2020 and a retrospective reduction of approximately \$52.0 million (before income taxes) from March 31, 2016 to December 31, 2019. On September 28, 2020, the CRTC approved a request from a coalition of cable companies (including Videotron) to stay the implementation of the order pertaining to final rates, pending its final determination on the review and vary requests. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's financial risk-management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies are reviewed regularly to reflect changes in market conditions and in the Corporation's activities.

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, lease liabilities and derivative financial instruments. As a result of its use of financial instruments, the Corporation is exposed to credit risk, liquidity risk and market risks relating to foreign exchange fluctuations and interest rate fluctuations.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency and (ii) to achieve a targeted balance of fixed- and floating-rate debts. The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Description of derivative financial instruments

(i) Foreign exchange forward contracts

Maturity	CAN dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Less than 1 year	1.3235	\$ 207.1	US\$ 156.5

(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	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
			Bankers' acceptance 3 months	
5.375% Senior Notes due 2024	2014 to 2024	US\$ 158.6	+ 2.67%	1.1034
5.375% Senior Notes due 2024	2017 to 2024	US\$ 441.4	5.62%	1.1039
5.125% Senior Notes due 2027	2017 to 2027	US\$ 600.0	4.82%	1.3407

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

VIDEOTRON LTD.
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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value of financial instruments

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation considers the following fair value hierarchy which reflects the significance of the inputs used in measuring its financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized in the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates (Level 2 inputs). An adjustment is also included to reflect non-performance risk impacted by the financial and economic environment prevailing at the date of the valuation in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

The carrying value and fair value of long-term debt and derivative financial instruments as of December 31, 2020 and 2019 are as follows:

Asset (liability)	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt¹	\$ (4,120.0)	\$ (4,419.2)	\$ (4,262.3)	\$ (4,509.1)
Derivative financial instruments²				
Foreign exchange forward contracts	(8.0)	(8.0)	(2.2)	(2.2)
Cross-currency interest rate swaps	333.3	333.3	391.0	391.0

¹ The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

² The fair value of derivative financial instruments designated as cash flow hedges is an asset position of \$280.7 million as of December 31, 2020 (\$346.6 million in 2019) and the fair value of derivative financial instruments designated as fair value hedges is an asset position of \$44.6 million as of December 31, 2020 (\$42.2 million in 2019).

The fair value of investments in preferred shares in a subsidiary of the parent corporation and loans from the parent corporation is equivalent to their initial issuance values (notes 7 and 8) since these financial instruments have only been issued as part of transactions carried out for tax consolidation purposes of Quebecor Media Inc. and its subsidiaries.

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from amounts receivable from customers, including contract assets.

The carrying amounts of financial assets represent the maximum credit exposure.

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. As of December 31, 2020, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2020, the provision for expected credit losses represented 2.8% of the gross amount of accounts receivable and contract assets (3.0% as of December 31, 2019), while 4.1% of trade receivable were 90 days past their billing date (4.3% as of December 31, 2019).

The following table shows changes to the provision for expected credit losses for the years ended December 31, 2020 and 2019:

	2020	2019
Balance at beginning of year	\$ 14.3	\$ 14.1
Changes in expected credit losses charged to income	20.0	18.0
Write-off	(18.6)	(17.8)
Balance at end of year	\$ 15.7	\$ 14.3

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.

VIDEOTRON LTD.
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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due or the risk that those financial obligations will have to be met at excessive cost. The Corporation manages this exposure through staggered debt maturities. The weighted average term of the Corporation's consolidated debt was approximately 5.1 years as of December 31, 2020 (6.1 years as of December 31, 2019).

The Corporation's management believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions, share repurchases, dividends or distributions to the shareholder. 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, 2020, material contractual obligations related to financial instruments included capital repayment and interest on long-term debt, lease liabilities and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. These obligations and their maturities are as follows:

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Accounts payable, accrued charges	595.7	595.7	–	–	–
Amounts payable to affiliated corporations	67.9	67.9	–	–	–
Long-term debt ¹	4,120.0	–	1,018.0	1,163.5	1,938.5
Interest payments on long-term debt ²	973.1	150.5	357.4	246.7	218.5
Lease liabilities	142.3	32.0	50.6	31.6	28.1
Interest payments on lease liabilities	22.3	6.2	8.5	4.4	3.2
Derivative financial instruments ³	(278.8)	–	(218.5)	(101.2)	40.9
Total	\$ 5,642.5	852.3	1,216.0	1,345.0	2,229.2

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 Estimate of interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of December 31, 2020.

3 Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging on the principal of U.S.-dollars-denominated debt.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates, interest rates and/or equity prices will affect the value of the Corporation's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

Most of the Corporation's consolidated revenues and expenses, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways, modems, mobile devices and certain capital expenditures, are received or denominated in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.-dollar-denominated debt obligations outstanding as of December 31, 2020, and to hedge its exposure on certain purchases of set-top boxes, gateways, modems, mobile devices and certain capital expenditures. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a variance of \$0.10 in the year-end exchange rate of a CAN dollar per one U.S. dollar used to calculate the fair value of financial instruments as of December 31, 2020 is as follows:

Increase (decrease)	Income	Other comprehensive income
Increase of \$0.10	\$ 1.0	\$ 40.3
Decrease of \$0.10	(1.0)	(40.3)

A variance of \$0.10 in the 2020 average exchange rate of CAN dollar per one U.S. dollar would have resulted in a variance of \$5.4 million on the value of unhedged purchases of goods and services and \$3.7 million on the value of unhedged acquisitions of tangible and intangible assets in 2020.

Interest rate risk

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Bankers' acceptance rate, (ii) LIBOR, (iii) Canadian prime rate, and (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency interest rate swap agreements in order to manage cash flow risk exposure. As of December 31, 2020, after taking into account the hedging instruments, long-term debt was comprised of 95.4% fixed-rate debt (93.3% in 2019) and 4.6% floating-rate debt (6.7% in 2019).

The estimated sensitivity on interest payments, of a 100 basis-point variance in the year-end Canadian Bankers' acceptance rate as of December 31, 2020 was \$1.8 million.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
(tabular amounts in millions of Canadian dollars, except for option data)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

Interest rate risk (continued)

The estimated sensitivity on income and on other comprehensive income, before income taxes, of a 100 basis-point variance in the discount rate used to calculate the fair value of financial instruments as of December 31, 2020, as per the Corporation's valuation models, is as follows:

Increase (decrease)	Income	Other comprehensive income
Increase of 100 basis points	\$ (1.2)	\$ (4.6)
Decrease of 100 basis points	1.2	4.6

(f) Capital management

The Corporation's primary objective in managing capital is to maintain an optimal capital base in order to support the capital requirements of its various businesses, including growth opportunities.

In managing its capital structure, the Corporation takes into account the asset characteristics of its subsidiaries and planned requirements for funds, leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of financing. Management of the capital structure involves the issuance and repayment of debt, the issuance and repurchase of shares, the use of cash flows generated by operations, and the level of distributions to the shareholder. The Corporation has not significantly changed its strategy regarding the management of its capital structure since the last financial year.

The Corporation's capital structure is composed of equity, bank indebtedness, long-term debt, lease liabilities, derivative financial instruments, cash and cash equivalents and promissory note to the parent corporation. The capital structure as of December 31, 2020 and 2019 is as follows:

	2020	2019
Bank indebtedness	\$ –	\$ 7.1
Long-term debt	4,111.5	4,240.2
Lease liabilities	142.3	114.2
Derivative financial instruments	(325.3)	(388.8)
Cash and cash equivalents	(74.0)	(2.4)
Promissory note to the parent corporation	(160.0)	(160.0)
Net liabilities	3,694.5	3,810.3
Equity	\$ 188.5	\$ 121.5

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, intercorporation transactions, and the declaration and payment of dividends or other distributions.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel comprise members of the Board of Directors and key senior managers of the Corporation and its main subsidiaries. Their compensation is as follows:

	2020	2019	2018
Salaries and short-term benefits	\$ 5.6	\$ 6.1	\$ 5.6
Share-based compensation	1.2	3.9	2.3
Other long-term benefits	0.3	0.3	1.8
	<u>\$ 7.1</u>	<u>\$ 10.3</u>	<u>\$ 9.7</u>

Operating transactions

During the years ended December 31, 2020, 2019 and 2018, the Corporation incurred expenses with affiliated corporations, which are included in purchase of goods and services. The Corporation also made sales to affiliated corporations. These transactions were accounted for at the consideration agreed between the parties.

	2020	2019	2018
Ultimate parent and parent corporation			
Revenues	\$ 0.4	\$ 0.5	\$ 0.6
Purchase of goods and services	9.6	9.9	9.4
Operating expenses recovered	(1.4)	(2.6)	(0.4)
Corporations under common control			
Revenues	4.9	5.5	5.0
Purchase of goods and services	95.7	123.2	105.5
Operating expenses recovered	1.4	(3.0)	(1.2)

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 \$41.0 million in 2020 (\$50.0 million in 2019 and \$53.0 million in 2018). 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. These transactions were accounted for at the consideration agreed between the parties.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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25. RELATED PARTY TRANSACTIONS (continued)

Accounts receivable from affiliated corporations

	<u>2020</u>	<u>2019</u>
Ultimate parent and parent corporation		
Accounts receivable	\$ 2.8	\$ 1.9
Dividends receivable	5.0	5.0
Interest receivable	2.4	2.3
Corporations under common control		
Accounts receivable	2.5	4.5
	<u>\$ 12.7</u>	<u>\$ 13.7</u>

Accounts payable to affiliated corporations

	<u>2020</u>	<u>2019</u>
Ultimate parent and parent corporation		
Accounts payable	\$ 33.9	\$ 21.1
Interest payable	5.0	5.0
Corporations under common control		
Accounts payable	29.0	40.4
	<u>\$ 67.9</u>	<u>\$ 66.5</u>

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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26. 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. The Corporation's pension plans are registered with a provincial or federal regulatory authority.

The Corporation's funding policy for its funded pension plans is to maintain its contribution at a level sufficient to cover benefits and to meet requirements of the applicable regulations and plan provisions that govern the funding of the plans. These provisions establish, among others, the future amortization payments when the funding ratio of the pension plans is insufficient as defined by the relevant provincial and federal laws. Payments are determined by an actuarial report performed by an independent company at least every three years or annually, according to the applicable laws and in accordance with plan provisions.

By their design, the defined benefit plans expose the Corporation to the typical risks faced by defined benefit plans, such as investment performance, changes to the discount rates used to value the obligation, longevity of plan participants, and future inflation. The administration of the plans is assured by pension committees composed of members of the plans, members of the Corporation's management and independent members or by the Corporation, in accordance with the provisions of each plan. Under the Corporation's rules of governance, the approval and oversight of the defined benefit plan policies are performed at different levels through the pension committees, the Corporation's management, or the Audit and Risk Management Committee. The risk management of pension plans is also performed under the leadership of these committees at various levels. The custody of securities and management of security transactions are assigned to trustees within a mandate given by the pension committee or the Corporation, as the case may be. Policies include those on investment objectives, risk-mitigation strategies and the mandate to hire investment fund managers and monitor their work and performance. The defined benefit pension plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and the Corporation's funding requirement.

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, 2020 and 2019:

	Pension benefits		Postretirement benefits	
	2020	2019	2020	2019
Change in benefit obligations				
Benefit obligations at the beginning of the year	\$ 570.4	\$ 462.5	\$ 40.9	\$ 50.2
Service costs	26.1	21.0	1.6	2.1
Interest costs	17.8	18.1	1.2	1.8
Plan participants' contributions	6.2	6.0	–	–
Actuarial loss (gain) arising from:				
Financial assumptions	82.7	83.8	6.3	11.8
Demographic assumptions	–	(0.8)	–	–
Participant experience	(0.6)	(7.5)	–	(1.0)
Benefits and settlements paid	(17.2)	(14.5)	(0.8)	(0.7)
Plan amendments and other	1.0	1.8	(3.2)	(23.3)
Benefit obligations at the end of the year	\$ 686.4	\$ 570.4	\$ 46.0	\$ 40.9

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years ended December 31, 2020, 2019 and 2018
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26. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

	Pension benefits		Postretirement benefits	
	2020	2019	2020	2019
Change in plan assets				
Fair value of plan assets at the beginning of the year	\$ 485.8	\$ 416.2	\$ –	\$ –
Actual return on plan assets	42.0	54.7	–	–
Employer contributions	19.0	22.3	0.8	0.7
Plan participants' contributions	6.2	6.0	–	–
Benefits and settlements paid	(17.2)	(14.5)	(0.8)	(0.7)
Administrative fees	(0.6)	(0.7)	–	–
Other	1.1	1.8	–	–
Fair value of plan assets at the end of the year	\$ 536.3	\$ 485.8	\$ –	\$ –

As of December 31, 2020, the weighted average duration of defined benefit obligations was 19.0 years (18.4 years in 2019). The Corporation expects future benefit payments of \$14.2 million in 2021.

The investment strategy for plan assets takes into account a number of factors, including the time horizon of the pension plans' obligations and the investment risk. For each of the plans, an allocation range by asset class is developed whereby a mix of asset classes is used to optimize the risk-return profile of plan assets and to mitigate asset-liability mismatch.

Plan assets are comprised of:

	2020	2019
Equity securities:		
Canadian	21.9%	23.8%
Foreign	30.8	35.3
Debt securities	39.8	40.9
Other	7.5	–
	100.0%	100.0%

The fair value of securities is based on quoted prices in an active market, while the fair value of other investments is not based on quoted prices in an active market.

Where funded plans have a net defined benefit asset, the Corporation determines if potential reductions in future contributions are permitted by applicable regulations and by collective bargaining agreements. When a defined benefit asset is created, it cannot exceed the future economic benefit that the Corporation can expect to obtain from the asset. The future economic benefit represents the value of reductions in future contributions and expenses payable to the pension fund. It does not reflect gains that could be generated in the future that would allow reductions in contributions by the Corporation. When there is a minimum funding requirement, this could also limit the amounts recognized in the balance sheets. A minimum funding requirement represents the present value of amortization payments based on the most recent actuarial financing reports filed.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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26. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The reconciliation of funded status to the net amount recognized in the consolidated balance sheets is as follows:

	Pension benefits		Postretirement benefits	
	2020	2019	2020	2019
Benefit obligations	\$ (686.4)	\$ (570.4)	\$ (46.0)	\$ (40.9)
Fair value of plan assets	536.3	485.8	–	–
Plan deficit and net amount recognized¹	\$ (150.1)	\$ (84.6)	\$ (46.0)	\$ (40.9)

¹ The net liability recognized for 2020 is \$196.1 million (\$125.5 million in 2019) and is included in “Other Liabilities” (note 17).

Components of re-measurements are as follows:

	Pension benefits			Postretirement benefits		
	2020	2019	2018	2020	2019	2018
Actuarial (loss) gain on benefit obligations	\$ (82.1)	\$ (75.5)	\$ 32.9	\$ (6.3)	\$ (10.8)	\$ (17.0)
Actual return on plan assets, less interest income anticipated in the interest on the net defined benefit liability calculation	27.4	39.0	(28.6)	–	–	–
Re-measurement (loss) gain recorded in other comprehensive (loss) income	\$ (54.7)	\$ (36.5)	\$ 4.3	\$ (6.3)	\$ (10.8)	\$ (17.0)

Components of the net benefit costs are as follows:

	Pension benefits			Postretirement benefits		
	2020	2019	2018	2020	2019	2018
Employee costs:						
Service costs	\$ 26.1	\$ 21.0	\$ 24.1	\$ 1.6	\$ 2.1	\$ 1.9
Plan amendments administrative fees and other	0.6	0.7	0.6	(3.2)	(23.3)	–
Interest on net defined benefit liability	3.2	2.5	2.4	1.2	1.8	1.7
Net benefit costs (gain)	\$ 29.9	\$ 24.2	\$ 27.1	\$ (0.4)	\$ (19.4)	\$ 3.6

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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26. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The expense related to defined contribution pension plans amounted to \$16.0 million in 2020 (\$15.6 million in 2019 and \$14.8 million in 2018).

The expected employer contributions to the Corporation's defined benefit pension plans and post-retirement benefit plans will be \$23.2 million in 2021, based on the most recent financial actuarial reports filed (contributions of \$19.8 million were paid in 2020).

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, 2020, 2019 and 2018 and current periodic benefit costs are as follows:

	Pension and postretirement benefits		
	2020	2019	2018
Benefit obligations			
Rates as of year-end:			
Discount rate	2.50%	3.10%	3.90%
Rate of compensation increase	3.00	3.00	3.00
Current periodic costs			
Rates as of preceding year-end:			
Discount rate	3.10%	3.90%	3.50%
Rate of compensation increase	3.00	3.00	3.00

The assumed average retirement age of participants used was 62 years in 2020, 2019 and 2018.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligations was 6.90% at the end of 2020. These costs, as per the estimate, are expected to decrease gradually over the next seven years to 5.20% and to remain at that level thereafter.

Sensitivity analysis

An increase of 10 basis points in the discount rate would have decreased the pension benefits obligation by \$12.0 million and the postretirement benefits obligation by \$1.1 million as of December 31, 2020. There are limitations to this sensitivity analysis since it only considers the impacts of an increase of 10 basis points in the discount rate assumption without changing any other assumptions. No sensitivity analysis was performed on other assumptions as a similar change to those assumptions would not have a significant impact on the consolidated financial statements.

VIDEOTRON LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Years ended December 31, 2020, 2019 and 2018
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27. DISCONTINUED OPERATIONS

On January 22, 2019, the Corporation sold to Quebecor Media Inc. its 4Degrees Colocation Inc. data center operations, which were ultimately sold to a third party on January 24, 2019 for an amount of \$261.6 million fully paid in cash at the date of transaction. An amount of \$0.9 million relating to a working capital adjustment was also paid by the Corporation. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of \$115.7 million (without any tax consequence), was accounted for in the first quarter of 2019, while an amount of \$53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. In the year ended December 31, 2020, a net gain of \$34.8 million (without any tax consequence) was recorded as certain adjusting conditions were achieved.

These discontinued operations were transferred to Quebecor Media Inc. in exchange of a promissory note receivable bearing interest at a rate of 4.90% for an amount of \$260.7 million, from which \$100.7 million was reimbursed subsequently.

28. SUBSEQUENT EVENTS

On January 22, 2021, Videotron issued \$650.0 million aggregate principal amount of Senior Notes bearing interest at 3.125% and maturing on January 15, 2031, for net proceeds of \$644.1 million, net of financing costs of approximately \$5.9 million. The Senior Notes are unsecured and contain certain restrictions, including limitations on Videotron's ability to incur additional indebtedness, pay dividends and make other distributions. The Notes are guaranteed by specific subsidiaries of Videotron and are redeemable at the option of Videotron, 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.

On March 22, 2021, Videotron and the Government of Québec signed agreements to support the achievement of the government's targets for the roll-out of high-speed Internet services in remote regions. Under these agreements, Videotron will extend its high-speed Internet network to connect approximately 37,000 additional households and the government has committed to provide financial assistance in the amount of approximately \$258.0 million, which will be fully invested in Videotron's network extension.

[Translation]



CERTIFICATE OF CONSOLIDATION

Business Corporations Act (CQLR c. S-31.1)

I hereby certify that the corporation

TÉLÉDISTRIBUTION AMOS INC.

has consolidated its articles on March 22, 2021, under the Business Corporations Act, as indicated in the Articles of Consolidation attached hereto.

*Filed with the register on March 22, 2021
under Quebec registration number 1142914333*

[signed]
Enterprise Registrar



[Translation]

SCHEDULE A

to the articles of consolidation of

TÉLÉDISTRIBUTION AMOS INC.

(the “Corporation”)

Any reference in these articles of consolidation to the *Companies Act* (CQLR, c. C-38) shall be a reference to the *Business Corporations Act* (Quebec) (R.S.Q. c. S-31.1), as currently in effect or as it may be amended from time to time, and any reference to a section in the *Companies Act* (CQLR, c. C-38) in these articles of consolidation is a reference to a section in the *Business Corporations Act* (Quebec) (R.S.Q. c. S-31.1) as such section is currently numbered or as it may be amended from time to time.

CLASS “A” SHARES

An unlimited number of Class “A” Shares, without par value, subject to the following rights, privileges, conditions and restrictions:

1. Holders of Class “A” Shares shall be entitled to vote at all meetings of shareholders, except those at which only shareholders of certain classes are entitled to vote;
2. Subject to the rights and privileges attaching to the other classes of shares, holders of Class “A” Shares shall be entitled to participate in the property, profits and asset surplus of the Corporation and share the remaining property of the Corporation upon the liquidation thereof.

CLASS “B” SHARES

B.1 GENERAL:

The Corporation is authorized to issue an unlimited number of Class “B” Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value.

B.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class “B” Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

B.3 DIVIDEND:

Holders of Class “B” Shares shall be entitled to receive a non-cumulative, annual preferential dividend, set at a maximum rate of **three percent (3%) per annum**, in preference to the holders of Class “C” and Class “A” Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class “B” Shares, as described in section **B.6**. This dividend shall be payable at the time and on the terms the directors may determine at their discretion.

B.4 REPAYMENT:

Holders of Class “**B**” Shares shall be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class “**C**” and Class “**A**” Shares, an amount equivalent to the redemption value of the Class “**B**” Shares, as described in section **B.6**, and all declared and unpaid dividends on Class “**B**” Shares.

B.5 ADDITIONAL PARTICIPATION:

Holders of Class “**B**” Shares shall not be entitled to any additional participation in the property, profits or asset surplus of the Corporation.

B.6 REDEMPTION AT THE REQUEST OF THE HOLDER:

Any holder of Class “**B**” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “**B**” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of Class “**B**” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “**B**” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “**B**” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “**B**” Shares. The Corporation and the subscriber of Class “**B**” Shares shall determine by mutual consent at the time the Class “**B**” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “**B**” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the *Income Tax Regulations*, as set for the periods covered, the whole prorated to the Class “**B**” Shares held by each holder. If only part of the Class “**B**” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the *Companies Act*, the Corporation shall acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

B.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “**B**” Shares issued and outstanding, at the best price possible. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation attached to the Class “**B**” Shares.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

B.8 RIGHT OF VETO:

No conversion of Class “**B**” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “**B**” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “**B**” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders in attendance at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS “C” SHARES (ROLLOVER SHARES)

C.1 GENERAL:

The Corporation is authorized to issue an unlimited number of Class “**C**” Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value.

C.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class “C” Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

C.3 DIVIDEND:

Holders of Class “C” Shares shall be entitled to receive a non-cumulative, monthly preferential dividend, set at the **prime rate for commercial loans at the Corporation’s principal financial institution at the time of the dividend declaration**, in preference to the holders of Class “A” Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class “C” Shares, as described in section *B.6*. This dividend shall be payable at the time and on the terms the directors may determine at their discretion. This dividend may not be declared for more than one month at a time.

C.4 REPAYMENT:

Holders of Class “C” Shares shall be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class “A” Shares, an amount equivalent to the redemption value of the Class “C” Shares, as described in section *B.6*, and all declared and unpaid dividends on Class “C” Shares.

C.5 ADDITIONAL PARTICIPATION:

Holders of Class “C” Shares shall not be entitled to any additional participation in the property, profits or asset surplus of the Corporation.

C.6 REDEMPTION AT THE REQUEST OF THE HOLDER:

Any holder of Class “C” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “C” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class “C” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “C” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “C” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “C” Shares. The Corporation and the subscriber of Class “C” Shares shall determine by mutual consent at the time the Class “C” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “C” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the

Income Tax Regulations, as set for the periods covered, the whole prorated to the Class “C” Shares held by each holder. If only part of the Class “C” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the *Companies Act*, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, shall have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

C.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “C” Shares issued and outstanding, at the best price possible. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation attached to the Class “C” Shares.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

C.8 RIGHT OF VETO:

No conversion of Class “C” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “C” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “C” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders present at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS “D” SHARES

The number of Class “D” Shares is unlimited; Class “D” Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

- (1) Dividend and Participation. The holders of Class “D” Shares shall not participate in the profits or the asset surplus of the Corporation and, for that purpose, shall not be entitled to receive any dividend declared by the Corporation.
- (2) Repayment. If, for any reason, including in the event of dissolution, liquidation or winding-up of the Corporation, whether or not voluntary, the assets of the Corporation are distributed, the holders of Class “D” Shares shall be entitled, in preference to the holders of any other class of shares, to repayment of the amount paid into the subdivision of the issued and paid-up share capital account relating to the Class “D” Shares.
- (3) Voting Rights. The holders of Class “D” Shares shall be entitled to vote at all meetings of shareholders of the Corporation, and each Class “D” Share shall entitle the holder thereof to one (1) vote, except at meetings where only the holders of another class of shares are entitled to vote.
- (4) Redemption Right. Subject to the provisions of section 123.54 of the COMPANIES ACT, the holders of Class “D” Shares shall be entitled, at any time and upon written request, to require the Corporation to redeem all or part of their shares at a price equal to the amount paid for the said shares into the subdivision of the issued and paid-up share capital account relating to the Class “D” Shares. The Corporation shall redeem the shares upon receipt of the request for redemption and, from such date, shall have thirty (30) days to pay the redemption price of the Class “D” Shares to the former holder thereof. Where the provisions of section 123.54 of the COMPANIES ACT prevent the Corporation from doing so within the aforesaid time limit, the Corporation shall pay a first portion of the redemption price within the thirty (30) days set forth above and any outstanding balance as soon as it may legally do so.

The Class “D” Shares, redeemed at the request of a shareholder, shall be cancelled on the date of redemption, and, pursuant to the provisions of section 123.51 of the COMPANIES ACT, the Corporation shall reduce the subdivision of its issued and paid-up share capital account relating to the Class “D” Shares.

- (5) Right to Purchase. Subject to the provisions of section 123.56 of the COMPANIES ACT, the Corporation may, as and when it sees fit, 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 outstanding Class “D” Shares.

The Class “D” Shares purchased shall be automatically cancelled on the date of purchase, and, pursuant to the provisions of section 123.51 of the COMPANIES ACT, the Corporation shall reduce the subdivision of its issued and paid-up share capital account relating to the Class “D” Shares.

(6) Right of Veto. No conversion of Class “D” Shares, and no creation of other classes of shares ranking equally or before the Class “D” Shares may be authorized and the aforementioned provisions with respect to the Class “D” Shares may not be amended, nor those relating to other classes of shares, in such a way as to confer on such shares rights or privileges equal to or greater than those attached to Class “D” Shares, unless this creation, conversion or amendment has been approved by the vote of at least 3/4 of the Class “D” Shares represented by their holders present or represented at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the COMPANIES ACT.

CLASS “E” SHARES

The number of Class “E” Shares is unlimited; Class “E” Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

- (1) Dividend and Participation. When the Corporation declares a dividend, the holders of Class “E” Shares shall be entitled to receive up to and not exceeding the declared dividend, in preference to the holders of Class “A”, Class “B”, Class “C”, Class “F”, and Class “G” Shares and from the funds set aside for payment of dividends, a non-cumulative preferential annual dividend at the rate of eight percent (8%) per annum, calculated on the “Redemption Value” (as defined in section (5) below) of the Class “E” Shares; the directors shall be responsible for determining the time and terms of payment of such dividends.
- (2) Repayment. If, for any reason, including in the event of dissolution, liquidation or winding-up of the Corporation, whether or not voluntary, the assets of the Corporation are distributed, the holders of Class “E” Shares shall be entitled, in preference to the holders of Class “A”, Class “B”, Class “C”, Class “F”, and Class “G” Shares, but subsequent to the holders of Class “D” Shares, to receive payment of the “Redemption Value” (as defined in section (5) below) of the Class “E” Shares, to which shall be added the amount of any declared but unpaid dividends on the Class “E” Shares.
- (3) Additional Participation. The Class “E” Shares shall not carry any further right to participate in the profits or asset surplus of the Corporation.
- (4) Voting Rights. Subject to the provisions of the COMPANIES ACT, the holders of Class “E” Shares shall not, as such, be entitled to receive notice of, attend or vote at the meetings of shareholders of the Corporation.
- (5) Redemption Right. Any holder of Class “E” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “E” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class “E” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “E” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “E” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “E” Shares. The Corporation and the subscriber of Class “E” Shares shall determine by mutual consent at the time the Class “E” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “E” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the *Income Tax Regulations*, as set for the periods covered, the whole prorated to the Class “E” shares held by each holder. If only part of the Class “E” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the *Companies Act*, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the COMPANIES ACT.

(6) Right to Purchase. Subject to the provisions of section 123.56 of the COMPANIES ACT, the Corporation may, as and when it sees fit, 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 outstanding Class “E” Shares. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation.

Class “E” Shares purchased shall be automatically cancelled on the date of purchase, and, pursuant to the provisions of section 123.51 of the COMPANIES ACT, the Corporation shall reduce the subdivision of its issued and paid-up share capital account relating to the Class “E” Shares.

(7) Right of Veto. No conversion of Class “E” Shares, and no creation of other classes of shares ranking equally or before the Class “E” Shares may be authorized and the aforementioned provisions with respect to the Class “E” Shares may not be amended, nor those relating to other classes of shares, in such a way as to confer on such shares rights or privileges equal to or greater than those attached to Class “E” Shares, unless this creation, conversion or amendment has been approved by the vote of at least 3/4 of the Class “E” Shares represented by their holders present or represented at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the COMPANIES ACT.

CLASS “F” SHARES

The number of Class “F” Shares is unlimited; Class “F” Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Dividend. When the Corporation declares a dividend, the holders of Class “F” Shares shall be entitled to receive up to and not exceeding the declared dividend, in preference to the holders of Class “A”, Class “B”, Class “C”, and Class “G”, but subsequent to the holders of Class “E” Shares, and from the funds set aside for payment of dividends, a non-cumulative preferential annual dividend at the rate of eight and a half percent (8.5%) per annum, calculated on the “Redemption Value” (as defined in section (5) below) of the Class “F” Shares; the directors shall be responsible for determining the time and terms of payment of such dividends.

(2) Repayment. If, for any reason, including in the event of dissolution, liquidation or winding-up of the Corporation, whether or not voluntary, the assets of the Corporation are distributed, the holders of Class “F” Shares shall be entitled, in preference to the holders of Class “A”, Class “B”, Class “C”, and Class “G” Shares, but subsequent to the holders of Class “D” and Class “E” Shares, to receive payment of the “Redemption Value” (as defined in section (5) below) of the Class “F” Shares, to which shall be added the amount of any declared but unpaid dividends on the Class “F” Shares.

(3) Additional Participation. The Class “F” Shares shall not carry any further right to participate in the profits or asset surplus of the Corporation.

(4) Voting Rights. Subject to the provisions of the COMPANIES ACT, the holders of Class “F” Shares shall not, as such, be entitled to receive notice of, attend or vote at the meetings of shareholders of the Corporation.

(5) Redemption Right. Any holder of Class “**F**” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “**F**” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class “**F**” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “**F**” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “**F**” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “**F**” Shares. The Corporation and the subscriber of Class “**F**” Shares shall determine by mutual consent at the time the Class “**F**” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “**F**” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the *Income Tax Regulations*, as set for the periods covered, the whole prorated to the Class “**F**” Shares held by each holder. If only part of the Class “**F**” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the COMPANIES ACT, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the COMPANIES ACT.

(6) Right to Purchase. Subject to the provisions of Section 123.56 of the COMPANIES ACT, the Corporation may, as and when it sees fit, 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 outstanding Class “F” Shares. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation.

Class “F” Shares purchased shall be automatically cancelled on the date of purchase, and, pursuant to the provisions of Section 123.51 of the COMPANIES ACT, the Corporation shall reduce the subdivision of its issued and paid-up share capital account relating to the Class “F” Shares.

(7) Right of Veto. No conversion of Class “F” Shares, and no creation of other classes of shares ranking equally or before the Class “F” Shares may be authorized and the aforementioned provisions with respect to the Class “F” Shares may not be amended, nor those relating to other classes of shares, in such a way as to confer on such shares rights or privileges equal to or greater than those attached to Class “F” Shares, unless this creation, conversion or amendment has been approved by the vote of at least $\frac{3}{4}$ of the Class “F” Shares represented by their holders present or represented at a special meeting or general meeting called for this purpose, in addition to the other formalities provided in the COMPANIES ACT.

CLASS “G” SHARES

The number of Class “G” Shares is unlimited; Class “G” Shares shall have no par value and shall carry the following rights, privileges, conditions and restrictions:

(1) Dividend. When the Corporation declares a dividend, the holders of Class “G” Shares shall be entitled to receive up to and not exceeding the declared dividend, in preference to the holders of Class “A”, Class “B”, and Class “C”, but subsequent to the holders of Class “E” and Class “F” Shares, and from the funds set aside for payment of dividends, a non-cumulative preferential annual dividend at the rate of nine percent (9%) per annum, calculated on the “Redemption Value” (as defined in Section (5) below) of the Class “G” Shares; the directors shall be responsible for determining the time and terms of payment of such dividends.

(2) Repayment. If, for any reason, including in the event of dissolution, liquidation or winding-up of the Corporation, whether or not voluntary, the assets of the Corporation are distributed, the holders of Class “G” Shares shall be entitled, in preference to the holders of Class “A”, Class “B” and Class “C” Shares, but subsequent to the holders of Class “D”, Class “E” and Class “F”, Shares, to receive payment of the “Redemption Value” (as defined in Section (5) below) of the Class “G” Shares, to which shall be added the amount of any declared but unpaid dividends on the Class “G” Shares.

(3) Additional Participation. The Class “G” Shares shall not carry any further right to participate in the profits or asset surplus of the Corporation.

(4) Voting Rights. Subject to the provisions of the COMPANIES ACT, the holders of Class “G” Shares shall not, as such, be entitled to receive notice of, attend or vote at the meetings of shareholders of the Corporation.

(5) Redemption Right. Any holder of Class “G” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “G” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class “G” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “G” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “G” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “G” shares. The Corporation and the subscriber of Class “G” Shares shall determine by mutual consent at the time the Class “G” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the Class “G” 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “G” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the Income Tax Regulations, as set for the periods covered, the whole prorated to the Class “G” Shares held by each holder. If only part of the Class “G” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the COMPANIES ACT, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the COMPANIES ACT.

(6) Right to Purchase. Subject to the provisions of Section 123.56 of the COMPANIES ACT, the Corporation may, as and when it sees fit, 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 outstanding Class “G” Shares. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation.

Class “G” Shares purchased shall be automatically cancelled on the date of purchase, and, pursuant to the provisions of Section 123.51 of the COMPANIES ACT, the Corporation shall reduce the subdivision of its issued and paid-up share capital account relating to the Class “G” Shares.

(7) Right of Veto. No conversion of Class “G” Shares, and no creation of other classes of shares ranking equally or before the Class “G” Shares may be authorized and the aforementioned provisions with respect to the Class “G” Shares may not be amended, nor those relating to other classes of shares, in such a way as to confer on such shares rights or privileges equal to or greater than those attached to Class “G” Shares, unless this creation, conversion or amendment has been approved by the vote of at least $\frac{3}{4}$ of the Class “G” Shares represented by their holders present or represented at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the COMPANIES ACT.

CLASS “H” SHARES (ROLLOVER SHARES)

H.1 GENERAL

The Corporation is authorized to issue an unlimited number of Class “H” Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value.

H.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class “H” Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

H.3 DIVIDEND:

Holders of Class “H” Shares shall, with the holders of Class “I” Shares, be entitled to receive a non-cumulative, monthly preferential dividend, set at a maximum rate of **half of one percent (1/2 of 1%) per month**, in preference to the holders of Class “J”, Class “K”, Class “B”, Class “C”, and Class “A” Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class “H” Shares, as described in section **B.6**. This dividend shall be payable at the time and on the terms the directors may determine at their discretion. This dividend may not be declared for more than one month at a time.

H.4 REPAYMENT:

Holders of Class “**H**” Shares shall, with the holders of Class “**I**” Shares, be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class “**J**”, Class “**K**”, Class “**B**”, Class “**C**”, and Class “**A**” Shares, an amount equivalent to the redemption value of the Class “**H**” Shares, as described in section **B.6**, and all declared and unpaid dividends on Class “**H**” Shares.

H.5 ADDITIONAL PARTICIPATION:

Holders of Class “**H**” Shares shall not be entitled to any additional participation in the property, profits or asset surplus of the Corporation.

H.6 REDEMPTION AT THE REQUEST OF THE HOLDER:

Any holder of Class “**H**” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “**H**” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class “**H**” Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “**H**” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “**H**” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “**H**” Shares. The Corporation and the subscriber of Class “**H**” Shares shall determine by mutual consent at the time the Class “**H**” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the Class “**H**” 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “H” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the Income Tax Regulations, as set for the periods covered, the whole prorated to the Class “H” Shares held by each holder. If only part of the Class “H” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the *Companies Act*, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

H.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “H” Shares issued and outstanding, at the best price possible. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation attached to the Class “H” Shares.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

H.8 RIGHT OF VETO:

No conversion of Class “H” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “H” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “H” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders in attendance at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS "I" SHARES (ROLLOVER SHARES)

I.1 GENERAL:

The Corporation is authorized to issue an unlimited number of Class "**I**" Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value of **one dollar (\$1) per share**.

I.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class "**I**" Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

I.3 DIVIDEND:

Holders of Class "**I**" Shares shall, with the holders of Class "**H**" Shares, be entitled to receive a non-cumulative, monthly preferential dividend, set at a maximum rate of **three quarters of one percent (3/4 of 1%) per month**, in preference to the holders of Class "**J**", Class "**K**", Class "**B**", Class "**C**", and Class "**A**" Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class "**I**" Shares, as described in section **B.6**. This dividend shall be payable at the time and on the terms the directors may determine at their discretion. This dividend may not be declared for more than one month at a time.

I.4 REPAYMENT:

Holders of Class "**I**" Shares shall, with the holders of Class "**H**" Shares, be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class "**J**", Class "**K**", Class "**B**", Class "**C**" and Class "**A**" Shares, an amount equivalent to the redemption value of the Class "**I**" Shares, as described in section **B.6**, and all declared and unpaid dividends on Class "**I**" Shares.

I.5 ADDITIONAL PARTICIPATION:

Holders of Class "**I**" Shares shall not be entitled to any additional participation in the property, profits and asset surplus of the Corporation.

I.6 REDEMPTION AT THE REQUEST OF THE HOLDER:

Any holder of Class "**I**" Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class "**I**" Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends plus a premium equal to the difference between, on the one hand, the fair market value of the consideration received by the Corporation upon issuance of the Class "**I**" Shares and, on the other hand, the sum of:

- (a) the amount paid to the subdivision of the issued and paid-up share capital account for those shares; and
- (b) the fair market value of any property, other than a Class “I” Share, given by the Corporation in payment of such consideration; and
- (c) the reduction with payment of the subdivision of the issued and paid-up share capital account attaching to the Class “I” Shares since their issuance.

This redemption price thus determined shall constitute the redemption value of the Class “I” Shares. The Corporation and the subscriber of Class “I” Shares shall determine by mutual consent at the time the Class “I” Shares are issued, the fair market value of the aforementioned consideration. In the event of a disagreement with the federal or provincial department of revenue, the appraisal by such department of the fair market value of this consideration shall prevail, and the amount of the premium shall be adjusted accordingly, if the department provides the Corporation and the holder of the Class “I” 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 lowest of the appraisals established in accordance with an undisputed assessment or a final judgment, as the case may be.

In addition, in the event that at the time of an adjustment, all Class “I” Shares have already been redeemed, the Corporation shall pay the holders, once it can legally do so, any additional premium amount, if the adjustment is upwards, or the holders shall repay the Corporation any excess premium amount received if the adjustment is downward, with interest at the higher of the rate prescribed under section 28 of the *Act respecting the ministère du Revenu* or section 4301 of the *Income Tax Regulations*, as set for the periods covered, the whole prorated to the Class “I” Shares held by each holder. If only part of the Class “I” Shares had been redeemed, the proportion of the additional payment or repayment, as the case may be, corresponding to the already redeemed shares, will be carried out as soon as legally possible, with interest at the above-determined rate, and as for the rate related to the shares remaining to be redeemed, it will adjust, upwards or downwards, as the case may be, the amount of the premium for such shares.

Subject to the provisions provided in section 123.54 of the *Companies Act*, the Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

I.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “I” Shares issued and outstanding, at the best price possible. However, such purchase price shall never exceed the aforementioned redemption price or the realizable value of the net assets of the Corporation attached to the Class “I” Shares.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

I.8 RIGHT OF VETO:

No conversion of Class “I” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “I” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “I” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders in attendance at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS “J” SHARES (INVESTMENT SHARES)

J.1 GENERAL:

The Corporation is authorized to issue an unlimited number of Class “J” Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value.

J.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class “J” Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

J.3 DIVIDEND:

Holders of Class “J” Shares shall be entitled to receive a non-cumulative, annual preferential dividend, set at a maximum rate of **eight percent (8%) per annum**, in preference to the holders of Class “K”, Class “B”, Class “C” and Class “A” Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class “J” Shares, as described in section **B.6**. This dividend shall be payable at the time and on the terms the directors may determine at their discretion.

J.4 REPAYMENT:

Holders of Class “J” Shares shall be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class “K”, Class “B”, Class “C” and Class “A” Shares, an amount equivalent to the redemption value of the Class “J” Shares, as described in section **B.6**, and all declared and unpaid dividends on Class “J” Shares.

J.5 ADDITIONAL PARTICIPATION:

Holders of Class “J” Shares shall not be entitled to any additional participation in the property, profits or asset surplus of the Corporation.

J.6 REDEMPTION AT THE REQUEST OF THE HOLDER:

Subject to the provisions provided in section 123.54 of the *Companies Act*, any holder of Class “J” Shares may require, at any time and upon written request, the Corporation to redeem all or any of the Class “J” Shares that it holds, for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends. The Corporation shall then acquire shares upon receipt of the written request or on any other date provided in the request and, have thirty (30) days to pay the redemption price to the holder. The Corporation shall pay any balance of purchase price, if any, as soon as it can legally do so.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

J.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “J” Shares issued and outstanding, at the best price possible.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

J.8 RIGHT OF VETO

No conversion of Class “J” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “J” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “J” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders in attendance at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS “K” SHARES (INVESTMENT SHARES)

K.1 GENERAL:

The Corporation is authorized to issue an unlimited number of Class “K” Shares for a consideration paid to the subdivision of the also unlimited issued and paid-up capital account. These shares have no par value.

K.2 VOTING RIGHTS:

Subject to the provisions of the *Companies Act*, holders of Class “K” Shares shall not be entitled to receive notice of, attend or vote at meetings of shareholders of the Corporation.

K.3 DIVIDEND:

Holders of Class “K” Shares shall be entitled to receive a non-cumulative, annual preferential dividend, set at a maximum rate of **eight percent (8%) per annum**, in preference to the holders of Class “B”, Class “C” and Class “A” Shares, out of the profits or available funds for purposes of dividends, calculated on the redemption value of the Class “K” Shares, as described in section **B.6**. This dividend shall be payable at the time and on the terms the directors may determine at their discretion.

K.4 REPAYMENT:

Holders of Class “K” Shares shall be entitled to receive, upon dissolution, winding-up or any total or partial distribution of property of the Corporation, in preference to the holders of Class “B”, Class “C” and Class “A” Shares, an amount equivalent to the redemption value of the Class “K” Shares, as described in section **B.6**, and all declared and unpaid dividends on Class “K” Shares.

K.5 ADDITIONAL PARTICIPATION:

Holders of Class “K” Shares shall not be entitled to any additional participation in the property, profits and asset surplus of the Corporation.

K.6 UNILATERAL REDEMPTION:

Subject to the provisions provided in section 123.53 of the *Companies Act*, the Corporation may, at any time, unilaterally redeem the Class “K” Shares that it issued for a redemption value equal to the amount paid to the subdivision of the issued and paid-up share capital account for those shares, and all declared and unpaid dividends.

The Corporation shall provide a notice to such effect of at least thirty (30) days of the scheduled redemption date, to any holder of Class “K” Shares. This notice shall be sent by registered or certified mail to any holder subject to the redemption at the address indicated in the registers of the Company or, failing that, at its last known address. The notice must indicate the date, the price, the location, the number of shares subject to the redemption as well as the procedure provided for the surrender of the certificates representing the shares purchased and the payment of the purchase price.

In the event that the redemption covers only part of the Class “K” Shares issued at the time, the redemption shall be made in proportion to the number of shares held by each holder of that class, excluding fractional shares.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

K.7 PURCHASE BY PRIVATE AGREEMENT:

Subject to the provisions provided in section 123.56 of the *Companies Act*, the Corporation may, without notice, when it deems it appropriate, and without considering the other classes of shares, purchase by mutual agreement all or part of the Class “K” Shares issued and outstanding, at the best price possible.

The shares so redeemed shall be automatically cancelled and the Corporation shall reduce the subdivision of its issued and paid-up share capital account, in accordance with section 123.51 of the *Companies Act*.

K.8 RIGHT OF VETO:

No conversion of Class “K” Shares and no creation of new classes of shares ranking before or equally and no amendment of the rights, privileges, conditions and restrictions attaching to Class “K” Shares may be authorized without the prior approval of at least three quarters (3/4) of the Class “K” Shares, and also, separately, of each class of shares of which the rights could be adversely affected by such conversion, creation or amendment represented by their holders in attendance at a special meeting or special general meeting called for this purpose, in addition to the other formalities provided in the *Companies Act*.

CLASS “L” SHARES

The number of Class “L” 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 “L” Shares 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, holders of Class “L” Shares shall be entitled to:

(a) Participate in the property, profits and asset surplus of the Corporation and, for that purpose, receive any dividend declared by the Corporation. The board of directors of the Corporation may, in its sole discretion, allocate the whole of such dividend to holders of Class “L” Shares excluding holders of Class “M”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “M” Shares excluding holders of Class “L”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “N” Shares excluding holders of Class “L”, Class “M”, Class “O” and Class “P” Shares or to holders of Class “O” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “P” Shares or to holders of Class “P” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “O” Shares or allocate it between holders of Class “L”, Class “M”, Class “N”, Class “O” and Class “P” Shares in the proportion that it shall determine, without being required to respect equality between these classes. The dividend declared to holders of Class “L” Shares is non-cumulative; and

(b) Together with the holders of Class “M”, Class “N”, Class “O” and Class “P” Shares, share in the remaining property of the Corporation upon the liquidation or dissolution thereof.

(2) **Restrictions.** In addition to the restrictions set forth in the provisions of the *Companies Act*, the Corporation may neither pay a dividend on Class “L” Shares nor purchase any such shares by mutual agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class “B”, Class “C”, Class “D”, Class “E”, Class “F”, Class “G”, Class “H”, Class “I”, Class “J” and Class “K” Shares.

(3) **Voting rights.** Shareholders of this Class are not entitled to vote or to receive notice of or attend any meeting of the shareholders of the Corporation.

CLASS “M” SHARES

The number of Class “M” 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 “M” Shares 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, holders of Class “M” Shares shall be entitled to:

(a) Participate in the property, profits and asset surplus of the Corporation and, for that purpose, receive any dividend declared by the Corporation. The board of directors of the Corporation may, in its sole discretion, allocate the whole of such dividend to holders of Class “M” Shares excluding holders of Class “L”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “L” Shares excluding Class “M”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “N” Shares excluding holders of Class “L”, Class “M”, Class “O” and Class “P” Shares or to holders of Class “O” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “P” Shares or to holders of Class “P” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “O” Shares or allocate it between holders of Class “L”, Class “M”, Class “N”, Class “O” and Class “P” Shares in the proportion that it shall determine, without being required to respect equality between these classes. The dividend declared to holders of Class “M” Shares is non-cumulative; and

(b) Together with the holders of Class “L”, Class “N”, Class “O” and Class “P” Shares, share in the remaining property of the Corporation upon the liquidation or dissolution thereof.

(2) **Restrictions.** In addition to the restrictions set forth in the provisions of the *Companies Act*, the Corporation may neither pay a dividend on Class “M” Shares nor purchase any such shares by agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class “B”, Class “C”, Class “D”, Class “E”, Class “F”, Class “G”, Class “H”, Class “I”, Class “J” and Class “K” Shares.

(3) **Voting rights.** Shareholders of this Class are not entitled to vote or to receive notice of or attend any meeting of the shareholders of the Corporation.

CLASS “N” SHARES

The number of Class “N” 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 “N” Shares 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, holders of Class “N” Shares shall be entitled to:
- (a) Participate in the property, profits and asset surplus of the Corporation and, for that purpose, receive any dividend declared by the Corporation. The board of directors of the Corporation may, in its sole discretion, allocate the whole of such dividend to holders of Class “N” Shares excluding holders of Class “L”, Class “M”, Class “O” and Class “P” Shares or to holders of Class “L” Shares excluding holders of Class “M”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “M” Shares excluding holders of Class “L”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “O” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “P” Shares or to holders of Class “P” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “O” Shares or allocate it between holders of Class “L”, Class “M”, Class “N”, Class “O” and Class “P” Shares in the proportion that it shall determine, without being required to respect equality between these classes. The dividend declared to holders of Class “N” Shares is non-cumulative; and
- (b) Together with the holders of Class “L”, Class “M”, Class “O” and Class “P” Shares, share in the remaining property of the Corporation upon the liquidation or dissolution thereof.
- (2) **Restrictions.** In addition to the restrictions set forth in the provisions of the *Companies Act*, the Corporation may neither pay a dividend on Class “N” Shares nor purchase any such shares by agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class “B”, Class “C”, Class “D”, Class “E”, Class “F”, Class “G”, Class “H”, Class “I”, Class “J” and Class “K” Shares.
- (3) **Voting rights.** Shareholders of this Class are not entitled to vote or to receive notice of or attend any meeting of the shareholders of the Corporation.

CLASS “O” SHARES

The number of Class “O” 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 “O” Shares 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, holders of Class “O” Shares shall be entitled to:
- (a) Participate in the property, profits and asset surplus of the Corporation and, for that purpose, receive any dividend declared by the Corporation. The board of directors of the Corporation may, in its sole discretion, allocate the whole of such dividend to Class “O” shareholders excluding holders of Class “L”, Class “M”, Class “N” and Class “P” Shares or to holders of Class “L” Shares excluding holders of Class “M”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “M” Shares excluding holders of Class “L”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “N” Shares excluding holders of Class “L”, Class “M”, Class “O” and Class “P” Shares or to holders of Class “P” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “O” Shares or allocate it between holders of Class “L”, Class “M”, Class “N”, Class “O” and Class “P” Shares in the proportion that it shall determine, without being required to respect equality between these classes. The dividend declared to holders of Class “O” Shares is non-cumulative; and
- (b) Together with the holders of Class “L”, Class “M”, Class “N” and Class “P” Shares, share in the remaining property of the Corporation upon the liquidation or dissolution thereof.

(2) **Restrictions.** In addition to the restrictions set forth in the provisions of the *Companies Act*, the Corporation may neither pay a dividend on Class “O” Shares nor purchase any such shares by agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class “B”, Class “C”, Class “D”, Class “E”, Class “F”, Class “G”, Class “H”, Class “I”, Class “J” and Class “K” Shares.

(3) **Voting rights.** Shareholders of this Class are not entitled to vote or to receive notice of or attend any meeting of the shareholders of the Corporation.

CLASS “P” SHARES

The number of Class “P” 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 “P”

Shares 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, holders of Class “P” Shares shall be entitled to:

(a) Participate in the property, profits and asset surplus of the Corporation and, for that purpose, receive any dividend declared by the Corporation. The board of directors of the Corporation may, in its sole discretion, allocate the whole of such dividend to holders of holders of Class “P” Shares excluding holders of Class “L”, Class “M”, Class “N” and Class “O” Shares or to holders of Class “L” Shares excluding holders of Class “M”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “M” Shares excluding holders of Class “L”, Class “N”, Class “O” and Class “P” Shares or to holders of Class “N” Shares, excluding holders of Class “L”, Class “M”, Class “O” and Class “P” Shares or to holders of Class “O” Shares, excluding holders of Class “L”, Class “M”, Class “N” and Class “P” Shares or allocate it between holders of Class “L”, Class “M”, Class “N”, Class “O” and Class “P” Shares in the proportion that it shall determine, without being required to respect equality between these classes. The dividend declared to Class holders of “P” Shares is non-cumulative; and

(b) Together with the holders of Class “L”, Class “M”, Class “N” and Class “O” Shares, share in the remaining property of the Corporation upon the liquidation or dissolution thereof.

(2) **Restrictions.** In addition to the restrictions set forth in the provisions of the *Companies Act*, the Corporation may neither pay a dividend on Class “P” Shares nor purchase any such shares by agreement if, as a result thereof, the book value of the net assets of the Corporation would be insufficient to redeem the Class “B”, Class “C”, Class “D”, Class “E”, Class “F”, Class “G”, Class “H”, Class “I”, Class “J” and Class “K” Shares.

(3) **Voting rights.** Shareholders of this Class are not entitled to vote or to receive notice of or attend any meeting of the shareholders of the Corporation.

[Translation]

SCHEDULE B

to the articles of consolidation of

TÉLÉDISTRIBUTION AMOS INC.

(the “Corporation”)

RESTRICTIONS ON TRANSFER OF SHARES

Subject to any terms that may be defined in a unanimous shareholder agreement,

- (a) The shares cannot be sold, gifted, disposed of, exchanged or transferred in any manner whatsoever, except in the event of death (clause e), unless they have been first offered to duly registered holders of shares of the Corporation on a pro rata basis according to the number of shares already held by such holders in the capital stock of the Corporation;
- (b) In the event that one of the holders of shares does not avail itself of its right and benefit, its share shall extend to the other holders on a pro rata basis according to the number of shares they hold;
- (c) The offer to sell must be made to the secretary of the Corporation which, within thirty (30) days after it has received this offer, must make inquiries of the holders of shares regarding their intention to purchase the shares offered;
- (d) In the event that the holders of shares do not avail themselves of this purchasing privilege, it shall be lawful for the proposing seller to sell the shares being offered to anyone, but at a price that must not be less than the price the seller would have asked the other shareholders;
- (e) The abovementioned conditions and restrictions relating to the transfer of shares may apply to the shares disposed by reason of death, when the directors of the Corporation have so determined by resolution; in both cases, notice of such resolution shall be given to the executors or assigns of the deceased shareholder instructing them to sell the shares held by the deceased shareholder according to the procedure described above.

Shares of the Corporation shall not be transferred unless the board of directors consents by valid resolution. Such consent may, however, be obtained following registration of the transfer of the shares in the books of the Corporation, in which case the transfer shall be valid and take effect retroactively to the date of its registration.

RESTRICTIONS ON TRANSFERS OF SECURITIES CLAUSE

As long as the Corporation is taking advantage of the “private issuer” exemption under *Regulation 45-106 respecting Prospectus Exemptions* (R.S.Q. c. V-1.1), any disposal of the securities of the Corporation, other than non-convertible debt securities, is subject to the consent of a majority of directors, to be evidenced by a resolution of the board of directors or, if appropriate, to the restrictions contained in any agreement between the holders.

BORROWING POWERS

In addition to the powers conferred by these articles and without the scope of the powers conferred upon directors by sections 123.6 and 77 of the *Companies Act*, R.S.Q., chap. C-38, directors may, if they deem fit and without having to obtain the authorization of shareholders:

- (a) Borrow money upon the credit of the Corporation;
 - (b) Issue debentures or other securities of the Corporation and pledge or sell them for such prices and such sums as may deemed expedient;
 - (c) Hypothecate the property or otherwise affect the movable property of the Corporation;
 - (d) Delegate one or more of the abovementioned powers to one or more directors or officers, to an executive committee or a committee of the board of directors of the Corporation.
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TÉLÉDISTRIBUTION AMOS INC.

(the “Corporation”)

BY-LAWS**A. INTERPRETATION****1. Definitions**

In these by-laws, unless the context indicates otherwise,

“Act” means the *Business Corporations Act*, R.S.Q., c. S-31.1. Any reference to that statute or any provisions thereof in the Corporation’s by-laws is interpreted as a reference to any amended or substituted provisions thereof;

“affairs” means the relationships among the Corporation, its affiliates and the shareholders, directors and officers of the Corporation and its affiliates but does not include the business carried on by the Corporation or its affiliates;

“affiliates”: means legal persons one of whom is a subsidiary of the other, or legal persons who are controlled by the same person;

“associates” means, in relation to a person:

- a) the person’s spouse, children and relatives, and the children and relatives of the person’s spouse;
- b) a partner of the person;
- c) a succession or trust in which the person has a substantial interest similar to that of a beneficiary or in respect of which the person serves as liquidator, trustee or other administrator of the property of others, mandatary or depositary; or
- d) a legal person of whom the person owns securities making up more than 10% of a class of shares carrying voting rights at any shareholders meeting or the right to receive any declared dividend or a share of the remaining property of the legal person in the event of liquidation.

“group”: means any legal person, any group of persons or any group of properties, including an organization, joint venture or trust;

“officer” means a person referred to in section 40 of these by-laws;

“resolution” or “ordinary resolution” means a resolution that requires a majority of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders;

“reporting issuer” means a reporting issuer within the meaning of the *Securities Act* (R.S.Q., chapter V-1.1);

“security” means a share, debenture, bond or note that is dealt in or traded on a securities exchange or financial market;

“shareholder” means a shareholder who is registered in the securities register of the Corporation, and includes a shareholder’s representative;

“special resolution” means a resolution that requires at least two thirds of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders.

2. Interpretation

- a) in the event of contradiction between the Act and the articles or the by-laws of the Corporation, the Act shall prevail over the articles and the by-laws; and the by-laws; and the articles shall take precedence over the by-laws.
- b) the powers of the directors, shareholders and officers of the Corporation are subject to the Act and by-laws of the Corporation and any reference to the exercise of any of these powers in the by-laws of the Corporation is subject to the limits, restrictions or conditions that are expressed therein.
- c) the masculine gender includes both sexes, unless the contrary intention is evident by the context;
- d) the singular number extends to more than one person or more than one thing of the same sort, whenever the context admits of such extension. The plural number can apply to one person only or to one thing only if the context so permits.

The headings used in these by-laws are for ease of reference only and do not form part of them.

B. HEAD OFFICE, ESTABLISHMENT AND SEAL

3. Head office

The head office of the Corporation shall be established in the judicial district of Montréal, in the Province of Quebec. The Corporation may relocate its head office in compliance with the Act.

4. Establishment

In addition to its head office, the Corporation may have other establishments, offices or agencies both within and outside Quebec.

5. Seal

The Board of Directors may adopt a seal but is not required to. The fact that a document of the Corporation is not sealed does not invalidate the document.

C. CORPORATE RECORDS**6. Records**

The Corporation maintains, at its head office or at any other place designated by the Board of Directors, records containing:

- a) the articles and the by-laws;
- b) minutes of meetings of the shareholders and written resolutions of shareholders;
- c) the names and domicile of the directors, and the dates of the beginning and end of their term of office; and
- d) the securities register.

The secretary keeps such records up-to-date.

The shareholders may examine these records during its regular office hours, and obtain extracts from them. They may also, on request and without charge, obtain a copy of the articles and by-laws.

7. Accounting and Board records

The Corporation also maintains accounting records and books containing the minutes of meetings and written resolutions of the Board of Directors. If applicable, the Corporation also maintains books for all the committees of the Board of Directors. These records and books are kept at the Corporation's head office or at any other place designated by the Board of Directors.

The Corporation is required to retain all accounting records for a period of six years after the end of the fiscal year to which they relate.

Only the directors and the auditor may have access to the accounting records and books containing the minutes of the meetings as well as the written resolutions of the Board of Directors and of its committees. However, the shareholders may examine, during the Corporation's regular office hours, any part of the minutes of the deliberations of the Board of Directors or any other document in which a director or officer makes the disclosure of interest referred to in sections 22 and 45 below.

8. Securities register

The securities register of the Corporation contains the following information with respect to its shares:

- a) the names, in alphabetical order, and the addresses of present and past shareholders;
 - b) the number of shares held by each such shareholder;
 - c) the date and details of the issue and transfer of each share; and
 - d) any amount due on any share.
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The register must contain, if applicable, the same information with respect to the Corporation's debentures, bonds and notes, with the necessary modifications. Any person may examine the Corporation's securities register if that person complies with the provisions of the Act in this regard. Any person may, on request and on payment of a reasonable fee established by the Corporation, obtain a copy of the list of the Corporation's shareholders as provided for in the Act.

D. BOARD OF DIRECTORS

9. Functions and powers

The Board of Directors exercises all necessary powers to supervise the management of the business and affairs of the Corporation. Except to the extent provided by law, such powers may be exercised without shareholder approval.

Generally, the Board of Directors exercises the powers and takes the actions which the Corporation is authorized to take; it may also enter into any contract on behalf of the Corporation. The Board of Directors may, on behalf of the Corporation:

- a) borrow money;
- b) issue, reissue, sell or hypothecate its debt obligations;
- c) enter into a suretyship to secure performance of an obligation of any person; and
- d) hypothecate all or any of its property, owned or subsequently acquired, to secure any obligation.

10. Delegation of powers

The Board of Directors may create one of several committees composed of directors and may delegate certain powers to this or these committees. It can also delegate its powers to a director or an officer. However, the Board of Directors may not delegate its power:

- a) to submit to the shareholders any question or matter requiring their approval;
 - b) to fill a vacancy among the directors or in the office of auditor;
 - c) to appoint or dismiss the president of the Corporation, the Chair of the Board of Directors, the chief executive officer, the chief operating officer or the chief financial officer regardless of their title, and to determine their remuneration;
 - d) to authorize the issue of shares;
 - e) to approve the transfer of unpaid shares;
 - f) to declare dividends;
 - g) to acquire, including by purchase, redemption or exchange, shares issued by the Corporation;
 - h) to split, consolidate or convert shares;
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- i) to authorize the payment of a commission to a person who purchases shares or other securities of the Corporation, or procures or agrees to procure purchasers for those shares or securities;
- j) to approve the financial statements presented at the annual meetings of shareholders;
- k) to adopt, amend or repeal by-laws;
- l) to authorize calls for payment;
- m) to authorize the confiscation of shares;
- n) to approve articles of amendment allowing a class of unissued shares to be divided into series, and to determine the designation of and the rights and restrictions attaching to those shares or securities; or
- o) to approve a short-form amalgamation.

11. 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.

12. Proceedings

Any director or officer of the Corporation, or any other person appointed for that purpose by any director or officer of the Corporation, is authorized to bring any action, proceeding, motion, civil, criminal, administrative or other legal procedure, in the name of the Corporation or to appear and to answer on behalf of the Corporation to any writ, to any order or injunction issued by any court, to any examination on the facts relating to any litigation or any examination on discovery, as well as to any action, proceeding, motion or other legal procedure in which the Corporation is involved; to respond in the name of the Corporation to any garnishment in which the Corporation is garnishee and to prepare any affidavit or any solemn declaration related to such a garnishment or to any other legal procedure to which the Corporation is a party; to make any application for the assignment of property or any petitions for a receiving order against any debtor of the Corporation; to attend and to vote in any meeting of the creditors of debtors of the Corporation; to grant proxies and, in respect of any such action, proceeding, motion or other legal procedure, to take any other action which he or she deems to be in the best interests of the Corporation.

13. Number

The exact number of directors is determined by the Board of Directors as provided in the articles of the Corporation.

The directors in office do not cease to hold their position as a result of an amendment of the articles which reduces their number.

14. Qualifications

Any natural person may be a director of the Corporation, except:

- a) a minor;
- b) a person of full age under tutorship or curatorship;
- c) a bankrupt;
- d) a person prohibited by the court from holding such office;
- e) a person declared incapable by decision of a court of another jurisdiction.

Unless otherwise provided in the articles, a director is not required to be a shareholder.

15. Election and term of office

The directors are elected each year at the annual shareholders meeting by a simple majority of the votes and remain in office until the next annual shareholders meeting or until their successors are appointed. Voting for the election of directors is conducted by a show of hands unless a ballot is demanded by a shareholder entitled to vote.

16. Cessation of office

A director ceases to hold office when he dies, becomes disqualified from being a director, resigns or is removed from office.

17. Resignation

A director may resign at any time. The resignation of a director becomes effective at the time the director's written resignation is received by the Corporation, or at the time specified in the resignation, whichever is later. The reason for the resignation need not be given.

18. Removal

The shareholders may by ordinary resolution at a special meeting remove any director or directors. If certain shareholders have an exclusive right to elect one or more directors, a director so elected may only be removed by ordinary resolution of those shareholders.

A director whose removal is to be proposed at a shareholders meeting may attend the meeting and be heard or, if not in attendance, may explain, in a written statement read by the person presiding over the meeting or made available to the shareholders before or at the meeting, why he opposes the resolution proposing his removal.

A vacancy created by the removal of a director may be filled at the shareholders meeting at which the director is removed or, if it is not, at a subsequent meeting of the Board of Directors.

19. Vacancy

A quorum of directors may fill any vacancy on the board unless there has been a failure to elect the fixed number or minimum number of directors required by the articles.

However, the directors then in office must without delay call a special shareholders meeting to fill the vacancies resulting from the lack of quorum or the failure to elect the fixed or minimal number of directors set out in the articles. If the directors refuse or fail to call a meeting, the meeting may be called by any shareholder.

A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.

20. Retiring director and updating declaration

A director who leaves office is authorized to sign on behalf of the Corporation and file in accordance with the *Act respecting the legal publicity of enterprises* an updating declaration indicating such change, unless he has received, within thirty (30) days of the date on which such change took effect, proof that the Corporation has filed such declaration.

21. Duties of directors

Subject to the provisions of the Act, the directors are bound by the same obligations as are imposed by the *Civil Code of Québec* on any director of a legal person. Consequently, in the exercise of their functions, the directors are duty-bound toward the Corporation to act with prudence and diligence, honesty and loyalty and in the interest of the Corporation.

More specifically, but without limiting the generality of the foregoing:

- a) no director may mingle the property of the Corporation with his own property nor may he use for his own profit or that of a third person any property of the Corporation or any information he obtains by reason of his duties, unless he is authorized to do so by the shareholders of the Corporation;
- b) unless he has obtained the express consent of the Board of Directors, a director must keep confidential the deliberations of the Board of Directors, any internal document and any other information to which he has access in the performance of his duties which is not publicly known and which has not been publicly disclosed by the Corporation;
- c) a director must avoid placing himself in any situation where his personal interest would be in conflict with his obligations as a director of the Corporation;
- d) a director must declare to the legal person any interest he has in an enterprise or association that may place him in a situation of conflict of interest and of any right he may set up against it, indicating their nature and value, where applicable.

22. Contracts or transactions – disclosure of interest

A director must disclose the nature and value of any interest he has in a contract or transaction to which the Corporation is a party. “Interest” means any financial stake in a contract or transaction that may reasonably be considered likely to influence decision-making. Furthermore, a proposed contract or a proposed transaction, including related negotiations, is considered a contract or transaction.

A director must also disclose a contract or transaction to which the Corporation and any of the following are a party:

- a) an associate of the director;
- b) a group of which the director is a director;
- c) a group in which the director or an associate of the director has an interest.

The director satisfies the requirement if he discloses, in a case specified in subparagraph b), the directorship or office held within the group or, in a case specified in subparagraph c), the nature and value of the interest he or his associate has in the group.

Unless it is recorded in the minutes of the first meeting of the Board of Directors at which the contract or transaction is discussed, the disclosure of an interest, contract or transaction must be made in writing to the Board of Directors as soon as the director becomes aware of the interest, contract or transaction.

The disclosure must be made even in the case of a contract or transaction that does not require approval by the Board of Directors.

23. Contracts or transactions – voting

No director may vote on a resolution to approve, amend or terminate the contract or transaction described in the foregoing section, or be present during deliberations concerning the approval, amendment or termination of such a contract or transaction unless the contract or transaction:

- a) relates primarily to the remuneration of the director or an associate of the director as a director of the Corporation or an affiliate of the Corporation;
- b) relates primarily to the remuneration of the director or an associate of the director as an officer, employee or mandatary of the Corporation or an affiliate of the Corporation, if the Corporation is not a reporting issuer;
- c) is for the indemnification of the directors in certain circumstances or liability insurance taken out by the Corporation;
- d) is with an affiliate of the Corporation, and the sole interest of the director is as a director or officer of the affiliate.

If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present during deliberations, the other directors present are deemed to constitute a quorum for the purpose of voting on the resolution.

If all the directors are required to abstain from voting, the contract or transaction may be approved solely by the shareholders entitled to vote, by ordinary resolution. The disclosure must be made to the shareholders in a sufficiently clear manner before the contract or transaction is approved.

24. Remuneration

The Board of Directors determines the remuneration of the directors from time to time, by resolution. The directors are also entitled to be reimbursed for travel costs and reasonable expenses incurred in the performance of their duties.

E. MEETINGS OF THE BOARD OF DIRECTORS**25. Place**

The Board of Directors meets at the head office of the Corporation or at any other place within or outside Quebec which the Chair of the Board of Directors may choose.

26. Calling of meeting

The Board of Directors meets as often as the Chair of the Board considers necessary. Board meetings are called by the Chair of the Board, or by the secretary at the request of the Chair of the Board, or in the absence or in case of incapacity to act as Chair of the Board, at the request of two (2) directors. At least two (2) days' notice must be given.

In the event that the Chair of the Board (or the secretary, at the request of the Chair of the Board or in the absence or in case of incapacity to act as Chair of the Board, at the request of two (2) directors) considers, at his discretion, that it is deemed urgent to call a meeting of the Board of Directors, he must see that the notice of the meeting be sent out using any possible means at least two (2) hours before the meeting and such notice shall be deemed sufficient for the meeting to be called.

The notice must state the time and place of the meeting and, where applicable, specify any matter referred to in section 10 of these by-laws.

A notice of meeting must be sent to each director, at his last known civic or electronic address, by any means providing proof of its sending.

A meeting may be held without notice if all the directors are present or if the absent directors agreed to the holding of such meeting. The meeting of the Board of Directors immediately following the annual shareholders meeting may take place without notice.

27. Waiver of notice

A director may, in writing, waive notice of a meeting; waiver of the notice may be validly given before or after the meeting. However, attendance of a director at a meeting of the board is a waiver of notice of the meeting unless the director attends the meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not lawfully called.

28. Participation by any means of communication

A director may participate in a meeting of the board by means of equipment - telephone, electronic or other - enabling all participants to communicate directly with one another. In such a case, the director is deemed to be present at the meeting.

29. Attendance

Only the directors may attend board meetings. Other persons may also attend as needed, with the authorization of the Chair of the Board or the majority of the directors present.

30. Quorum

A majority of the directors in office constitutes a quorum. A quorum of directors may validly exercise all the powers of the directors, despite any vacancy on the board.

31. Chair and secretary of the meeting

Meetings of the Board of Directors are chaired by the Chair of the Board or, by default, by the vice-chair of the board or by default by the president and chief executive officer or, in his absence, by a director assigned by the other participating directors. The secretary acts as meeting secretary, drafts the minutes of the meeting and co-signs the minutes with the Chair of the meeting.

32. Procedure

The Chair of the Board directs the meeting and ensures that it is conducted in an orderly manner. He submits the business to be discussed to the board. A director may also submit business to be discussed.

33. Voting

Unless otherwise provided in the articles, the Board of Directors decides any issue by a majority of the votes. Each director is entitled to one vote. Voting by proxy is not permitted.

Voting is by a show of hands or, at the request of the Chair of the Board or a director, by secret ballot. A vote by secret ballot may be requested before or after a vote by a show of hands.

If voting is by secret ballot, the secretary acts as scrutineer and counts the ballots. The Chair of the Board does not have a tie-breaking vote in the case of a tie.

34. Dissent

A director who is present at a meeting of the board or a committee of the board is deemed to have consented to any resolution passed at the meeting unless:

- a) the director's dissent has been entered in the minutes;
- b) the director sends a written dissent to the secretary of the meeting before the meeting is adjourned; or
- c) the director delivers a written dissent to the Chair of the Board, sends it to the Chair of the Board by any means providing proof of the date of receipt or delivers it to the head office of the Corporation immediately after the meeting is adjourned.

A director is not entitled to dissent after voting for or consenting to a resolution.

35. Dissent of an absent director

A director who was not present at a meeting of the board or a committee of the board at which a resolution was passed is deemed to have consented to the resolution unless the director records his dissent within seven days after becoming aware of the resolution, by written notice delivered to the Chair of the Board, or the president, or sent to the Chair of the Board, or the president, by any means providing proof of the date of receipt or delivered to the head office of the Corporation.

36. Adjournment

The Chair of the Board may, with the consent of the majority of the directors present, adjourn a meeting of the Board of Directors to a specified date, time and place without a new notice of meeting being required. The Chair of the Board may also adjourn a meeting *ex officio* if he considers it impossible to conduct it in an orderly manner.

The meeting is validly resumed if it is held on the specified date and at the specified place and if a quorum is present. If a quorum does not exist when the meeting resumes, the initial meeting is deemed to have ended immediately after it was adjourned.

37. Signed resolution

A resolution in writing, signed by all the directors entitled to vote on the resolution, has the same force as if it had been passed at a meeting of the board or, as the case may be, of a committee of the Board of Directors. These resolutions are kept with the minutes of meetings and the written resolutions of the Board of Directors.

The written resolutions that are signed electronically are as legally valid as a written signature.

38. Recording of deliberations

Only the secretary may record the deliberations of the Board of Directors, for the purpose of preparing the minutes. The secretary must destroy the recording once the concerned minutes have been approved.

F. OFFICERS**39. General**

The officers of the Corporation are the Chair of the Board, the vice-chair of the Board (if applicable), the president and chief executive officer, the chief financial officer, the vice-presidents, the secretary, the treasurer and/or the assistant-secretary(ies). The Board of Directors may designate another person as an officer by resolution.

40. Qualifications

The officers need not be directors or shareholders of the Corporation except for the Chair of the Board of Directors who must be a director. The same person may hold more than one position as officer.

41. Term of office

Unless the Board of Directors provides otherwise when he is appointed, an officer holds office from his appointment until the first meeting of the Board of Directors following the annual meeting or until a replacement has been named.

42. Cessation of office

An officer may resign at any time. The resignation of an officer takes effect on the date the Corporation receives the written notice he gives or on the later date indicated therein.

The Board of Directors or the president and chief executive officer may remove an officer at any time and the reason for the removal is not required to be given. However, the removal of the president, the Chair of the Board, the chief executive officer, the chief operating officer, or the chief financial officer regardless of their title, as their appointment, is the responsibility of the Board of Directors.

43. Vacancy

The Board of Directors may fill any vacancy in an office at any time.

44. Powers of officers

An officer exercises the powers attached to his position. He also exercises all the powers which the Board of Directors can delegate to him. In the event an officer is unable to act, the powers of such officer are exercised by any other person designated by the Board of Directors.

45. Duties of officers

The officers are mandataries of the Corporation. In this capacity, in the exercise of their functions, the officers are bound, among other things, toward the Corporation to act with prudence and diligence, honesty and loyalty and in the interest of the Corporation.

An officer must disclose the nature and value of any interest he has in a contract or transaction to which the Corporation is a party. An officer must disclose any contract or transaction to which the Corporation and any of the following are a party:

- a) an associate of the director or officer;
- b) a group of which the director or officer is a director or officer;
- c) a group in which the director or officer or an associate of the director or officer has an interest.

The officer satisfies the requirement if he discloses, in a case specified in subparagraph b), the directorship or office held within the group or, in a case specified in subparagraph c), the nature and value of the interest he or his associate has in the group.

In the case of an officer who is not a director, the disclosure must be made as soon as:

- a) the officer becomes an officer;
- b) the officer becomes aware that the contract or transaction is to be discussed or has been discussed at a meeting of the board; or
- c) the officer or the officer's associate acquires an interest in the contract or transaction, if it was entered into earlier.

The disclosure must be made even in the case of a contract or transaction that does not require approval by the Board of Directors.

46. Chair or vice-chair of the Board

The Chair of the Board or if necessary, the vice-chair, shall be chosen from among the directors. The Chair of the Board or, in his absence, the president, presides over all the meetings of the directors and all shareholders meetings at which he is present and as such has all the powers and fulfils all his responsibilities that the Board of Directors may determine from time to time.

47. President

The president and chief executive officer controls and supervises the management of the activities and affairs of the Corporation. He signs the documents which require his signature. He also has the powers and fulfills all the responsibilities that the Board of Directors determines from time to time.

48. Vice-president

The vice-president (or vice presidents), exercises the powers and assumes the obligations that the Board of Directors determines from time to time. In the event of an absence, inability, refusal or omission to act as the president, the vice-president assigned by the directors can exercise his powers and fulfill all his responsibilities.

49. Secretary

The secretary is responsible for safekeeping the records and documents of the Corporation. He acts as secretary of the meetings of the Board of Directors and committees of the board as well as the meetings of shareholders. He signs the share certificates and other documents that require his signature and sends the directors and shareholders notice of meetings and other notices which may be required. He has all the powers and fulfills all the functions that the Board of Directors determines from time to time.

The assistant secretary fulfills all responsibilities assigned to him from time to time by the secretary.

50. Chief Financial Officer and/or Treasurer

He is in charge of the financial management of the Corporation. He oversees the financial situation of the Corporation and sees to the management of its property and the keeping of its accounting records. He reports periodically to the audit committee and to the Board of Directors on the financial situation of the Corporation. He signs the documents which require his signature.

51. Remuneration

The Board of Directors determines, from time to time, the remuneration of the president and chief executive officer, the Chair of the Board, the chief operating officer and of the chief financial officer, regardless of their title. The remuneration of the other officers is determined by management, subject to the powers devolved to the committee acting as the remuneration committees.

The officers are also entitled to be reimbursed the travel costs and all reasonable fees and expenses incurred in the performance of their duties.

G. COMMITTEES OF THE BOARD OF DIRECTORS**52. Creation**

The Board of Directors may, by resolution, create one or more committees made up of directors. The resolution creating the committee sets out the number of directors making it up.

53. Powers

A committee of the Board of Directors exercises the powers delegated to it by the Board of Directors. However, the Board of Directors may not delegate the powers which it must exercise exclusively, according to the Act or section 10 of these by-laws.

A committee reports on its activities to the Board of Directors. Subject to the rights of third parties, the Board of Directors may overrule or modify a committee's decisions.

54. Cessation of office

A director may resign from a committee of the Board of Directors at any time. The resignation of a director becomes effective at the time the director's written resignation is received by the Corporation, or at the time specified in the resignation, whichever is later. The reason for the resignation is not required to be given.

The Board of Directors may, by resolution, replace a member of a committee of the board.

55. Vacancy

The Board of Directors may fill any vacancy on a committee of the board.

56. Meetings

Meetings of a committee of the board are called in the same manner as meetings of the Board of Directors.

57. Quorum

Unless otherwise provided in a resolution of the Board of Directors, the majority of the members of a committee of the board constitute a quorum.

58. Chair and secretary

Meetings of a committee of the board are chaired by the Chair of the committee; in his absence, the members present choose a meeting Chair from among themselves. The secretary of the Corporation acts as secretary of any committee of the board. The members present at a meeting can, if necessary, choose another person as meeting Chair or secretary.

59. Procedure

Meetings of committees of the Board of Directors are held in the same manner as the meetings of the Board of Directors.

60. Written resolution

A written resolution, signed by all the members of the committee entitled to vote on this resolution has the same force as if it had been passed at a meeting of the committee. The resolutions are kept with the minutes of the meetings and the written resolutions of the Board of Directors.

The written resolutions that are signed electronically are as legally valid as a written signature.

61. Remuneration

The members of a committee of the board may, as such, receive the remuneration set by resolution of the Board of Directors.

H. PROTECTION OF DIRECTORS AND OFFICERS**62. Presumption**

A director is presumed to have fulfilled the obligation to act with prudence and diligence if the director relied, in good faith and based on reasonable grounds, on a report, information or an opinion provided by one of the following persons:

- a) an officer of the Corporation who the director believes to be reliable and competent in the functions performed;
- b) legal counsel, professional accountants or other persons retained by the Corporation as to matters involving skills or expertise the director believes are matters within the particular person's professional or expert competence or as to which the particular person merits confidence; or
- c) a committee of the Board of Directors of which the director is not a member if the director believes the committee merits confidence.

63. Relief Provided by the Act

A director cannot be held liable under sections 154, 155, 156, 287, 314 or 392 of the Act if the director acted with a reasonable degree of prudence and diligence in the circumstances. Furthermore, for the purposes of sections 155, 156, 287, 314 and 392 of the Act, the court may, after considering all the circumstances and on the terms the court considers appropriate, relieve a director, either wholly or partly, from the liability the director would otherwise incur if it appears to the court that the director has acted reasonably, honestly and loyally, and ought fairly to be excused.

I. INDEMNIFICATION AND LIABILITY INSURANCE**64. Indemnification**

Subject to the following, the Corporation must indemnify a director or officer of the Corporation, a former director or officer of the Corporation, a mandatary, or any other person who acts or acted at the Corporation's request as a director or officer of another group against all costs, charges and expenses reasonably incurred in the exercise of their functions, including an amount paid to settle an action or satisfy a judgment, or arising from any investigative or other proceeding in which the person is involved if

- a) the person acted with honesty and loyalty in the interest of the Corporation or, as the case may be, in the interest of the other group for which the person acted as director or officer or in a similar capacity at the Corporation's request; and
- b) in the case of a proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that his conduct was lawful.

The Corporation must also advance monies to such a person for the costs, charges and expenses of a proceeding referred to in the first paragraph.

However, in the event that a court or any other competent authority judges that the conditions set out in subparagraphs a) and b) above are not fulfilled, or that the person has committed intentional or gross fault, the Corporation may not indemnify the person and the person must repay to the Corporation any monies advanced.

The indemnity provided for in the preceding paragraphs can be obtained even if a person has ceased being a director, officer or representative of the Corporation. In case of death, the indemnity can be paid to the heirs, legatees, liquidators, assignees, authorized representants or beneficiaries of this person.

65. Actions by or on behalf of the Corporation

The Corporation may, with the approval of the court, in respect of an action by or on behalf of the Corporation or other group referred to in the preceding section against a person referred to in the preceding section, advance the necessary monies to the person or indemnify the person against all costs, charges and expenses reasonably incurred by the person in connection with the action, if the person fulfills the conditions set out in the preceding section.

66. Liability insurance

The Corporation must purchase and maintain insurance for the benefit of its directors, officers and other mandataries against any liability they may incur as such or in their capacity as directors, officers or mandataries of another group, if they act or acted in that capacity at the Corporation's request.

J. SHAREHOLDERS MEETINGS**67. General**

The Corporation must hold an annual meeting of shareholders; it may hold one or more special meetings of shareholders as needed.

68. Annual meeting

An annual meeting must be held fifteen (15) months after the last preceding annual meeting. The following business is discussed at the annual meeting:

- a) the presentation and examination of the financial statements of the Corporation for the fiscal year ended within six months of the date of the meeting;
- b) the presentation and examination of any other financial information required by the articles or the by-laws to be presented to the shareholders;
- c) the presentation and examination of the auditor's report, where applicable;
- d) the renewal of the auditor's term, where applicable;
- e) the election of directors.

The annual meeting may also examine and discuss any other business.

The Board of Directors calls the annual shareholders meeting. Otherwise, the meeting may be called by the shareholders in accordance with the rules for calling special meetings at the request of the shareholders as provided in the Act.

69. Place

A meeting is held within the province of Quebec at the place determined by the Board of Directors.

70. Calling of meeting

Notice of a shareholders meeting must be sent to each shareholder entitled to vote at the meeting and to each director at least twenty-one (21) days, but at the most sixty (60) days before the meeting.

If a director or a shareholder entitled to vote at a shareholders meeting gives written notice not less than ten (10) days before the meeting to the auditor or a former auditor of the Corporation, the auditor or former auditor attends the meeting at the Corporation's expense and answers any question relating to their duties as auditor.

71. Notice of meeting

The notice of a shareholders meeting must be sent to each shareholder able to vote and to each director, in writing, by any means providing proof of the date of sending. It is sent to such persons at the address indicated in the Corporation's records. If a person's address is not indicated in the Corporation's records, the notice of meeting must be sent to the address where, in the opinion of the person sending such notice, it is the most likely to reach the person the quickest.

The notice of meeting is sent to the shareholders entered in the securities register at the day the notice is transmitted.

A certificate from the secretary or any other duly authorized officer of the Corporation in office at the time of the preparation of such certificate, or any officer, transfer agent, or share transfer registrar of the Corporation constitutes proof of the sending of the notice of meeting and ties in each shareholder.

The notice of meeting indicates the date, time and place of the meeting as well as the business on the agenda. It also states, where applicable, the date by which the proxies of the shareholders wishing to be represented at the meeting must be received by the Corporation; such date may not be more than forty-eight (48) hours, excluding Saturdays and holidays, before the date of the meeting or any adjournment thereof.

The notice of meeting must state the business on the agenda in sufficient detail to permit the shareholders to form a reasoned judgment on it, and contain the text of any special resolution to be submitted to the meeting.

Irregularities in the notice of meeting or in its sending do not affect the validity of the meeting. Similarly, the unintentional failure to send a notice of meeting to a person entitled to it, or the failure to receive it by a person entitled to the notice, does not invalidate the resolutions passed at the meeting. In addition, the unintentional failure to include a matter to be discussed at the meeting in the notice does not prevent the meeting from discussing such business, unless the interests of a shareholder or director are or could be affected thereby.

72. Waiver

A shareholder or director may, in writing, waive notice of a shareholders meeting; waiver of the notice may be validly given before or after the meeting. Their attendance at the meeting is a waiver of notice of the meeting unless they attend the meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not lawfully called or held.

73. Holding of or participation in meeting by electronic means

A shareholders meeting may be held solely by means of equipment enabling all participants to communicate directly with one another.

Furthermore, any person entitled to attend a shareholders meeting may participate in the meeting by means of any equipment enabling all participants to communicate directly with one another. A person participating in a meeting by such means is deemed to be present at the meeting.

Any shareholder participating in a shareholders meeting by means of equipment enabling all participants to communicate directly with one another may vote by any means enabling votes to be cast in a way that allows them to be verified afterwards and protects the secrecy of the vote when a secret ballot has been requested.

74. Quorum

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. The shareholders present in person or represented by proxy may discuss the business of such meeting, whether or not a quorum is maintained throughout the meeting.

In the absence of the quorum at the opening of a shareholders meeting, the shareholders present may adjourn the meeting to a specific day, time and place but may not transact any other business. Any matter that could have been brought before the adjourned meeting may then be brought before any adjournment thereof provided the quorum is duly constituted.

75. Meeting Chair and secretary

The Chair of the Board of the Corporation or, in his absence, the vice-chair of the Board, if any, or in his absence, the president and chief executive officer of the Corporation or any other person that may be named by the Board of Directors from time to time Chairs a shareholders meeting. The secretary of the Corporation acts as meeting secretary.

If the person who is to chair the meeting is not present at the meeting within 15 minutes after the time appointed for the meeting, the shareholders present choose one of their own to chair of the Board the meeting.

76. Procedure

The Chair of the meeting directs the meeting and ensures its orderly conduct. His decisions, including those relating to the validity of proxies, are final and binding on all the shareholders.

The Chair of a shareholders meeting must allow shareholders to raise and discuss, for a reasonable period of time, any matter the primary purpose of which relates to the business or affairs of the Corporation and which is not to enforce a personal claim or redress a personal grievance against the Corporation or its directors, officers or shareholders.

At a shareholders meeting, unless a vote is demanded, a declaration by the Chair of the Board of the meeting that a resolution of the shareholders has been carried and that an entry to that effect has been made in the minutes of the meeting is, in the absence of any evidence to the contrary, proof of that fact, without it being necessary to prove the number or proportion of the votes recorded for and against the resolution.

77. Voting

Unless otherwise provided in the articles, each share of the Corporation entitles the holder to one vote.

78. Majority decision

Unless otherwise provided in the law, the articles or the by-laws, a decision of the shareholders is adopted by ordinary resolution.

79. Tie-breaking vote

In the case of a tie, the Chair of the meeting has a tie-breaking vote.

80. Voting

Voting is conducted by a show of hands, open voice or secret ballot.

81. Voting by a show of hands

Voting is conducted by a show of hands unless an open voice vote or a ballot is demanded. In such a case, the shareholders or proxies vote by raising their hand and the number of votes is calculated according to the number of hands raised.

A proxyholder who has conflicting instructions from more than one shareholder may not vote by a show of hands.

82. Open voice voting

The Chair of the meeting, a shareholder or a proxyholder may demand an open voice vote unless a ballot has been demanded. In such a case, each shareholder or proxyholder verbally states his name, that of the shareholder or shareholders whose proxy he holds, the number of votes he holds and the breakdown of such votes.

83. Voting by secret ballot

Voting is conducted by secret ballot if the Chair of the meeting, a shareholder or a proxyholder so requests, in the manner indicated by the Chair of the meeting. Each shareholder or proxyholder gives the scrutineers a ballot indicating his name, that of the shareholder whose proxy he holds, the number of votes he holds and the breakdown of such votes.

A shareholder may demand a ballot either before or after a vote by show of hands. A demand for a secret ballot may be withdrawn any time before voting begins.

When voting is conducted by secret ballot, the meeting appoints one person to act as scrutineer.

84. Scrutineer

The Chair of any shareholders meeting can appoint one or two persons to act as scrutineers.

85. Voting by a group

A natural person authorized by a resolution of the Board of Directors or of the management of a shareholder who is a group may participate in and vote at a shareholders meeting.

86. Voting by the administrator of the property of others

A person acting for a shareholder as administrator of the property of others may participate in and vote at a shareholders meeting.

87. Voting by joint shareholders

If two or more persons hold shares jointly, one of those shareholders present at a shareholders meeting may, in the absence of the others, exercise the voting right attached to those shares. If more than one (1) shareholder are present, they shall vote as one shareholder.

88. Proxies

A shareholder may be represented at a shareholders meeting by a proxyholder. A shareholder so represented is deemed to be present at the meeting. Any person, whether or not a shareholder of the Corporation, may be appointed a proxyholder. A proxyholder has the same rights as the shareholder represented to speak at a shareholders meeting in respect of any matter and to vote at the meeting.

A proxy must be in writing and signed by the shareholder. In addition to the date, the proxy must include the name of the proxyholder and, if applicable, revoke any former proxy.

A proxy may also contain voting instructions which the proxyholder is required to follow. A proxy is not required to be witnessed.

Unless otherwise indicated, a proxy lapses one year after the date it is given. It may be revoked at any time.

A proxy may be in the following form:

"I, the undersigned shareholder of _____, hereby appoint _____ or, in his absence, _____, as my proxy, with full power and authority to attend, vote at and otherwise act on my behalf at the annual (or special) meeting of the shareholders of the corporation which will take place at _____ on the ____ day of _____ and at any adjournment thereof. I hereby revoke any former proxy.

Signed in _____ this ____ day of _____.

Shareholder's signature"

A proxy may be filed with the secretary of the Corporation or any authorized person. A proxy mechanically reproduced or sent by fax or any other means of communication providing proof of the date of receipt is valid.

89. Preservation of ballots and proxies

The Corporation must, for at least three months after a shareholders meeting, keep at its head office the ballots cast and the proxies presented at the meeting. Any shareholder or proxyholder who was entitled to vote at the meeting may, without charge, inspect the ballots and proxies kept by the Corporation.

90. Adjournment

The Chair of the meeting may adjourn any shareholders meeting, with the consent of the shareholders present or represented by proxy. The Chair of the meeting may also adjourn a meeting *ex officio* if he believes it is impossible to conduct it in an orderly manner.

If a shareholders' meeting is adjourned for less than thirty (30) days, it is not necessary to give notice of the adjourned meeting other than by announcement at the original meeting. If a shareholders' meeting is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting must be given as for an original meeting.

The meeting is validly resumed if it is held on the date and at the time and place announced and if there is a quorum. In the absence of a quorum at the resumed meeting, the original meeting is deemed to have terminated immediately after its adjournment.

91. Signed resolution

A resolution in writing signed by all the shareholders entitled to vote on the resolution is as valid as if it had been passed at a shareholders meeting. The resolution must be kept with the minutes of the shareholders meetings and written resolutions.

The written resolutions that are signed electronically are as legally valid as a written signature.

K. SHARES AND CERTIFICATES**92. Issue of shares**

Subject to the existence of a pre-emptive right granted to the shareholders, shares may be issued at the times, to the persons, including the directors or officers of the Corporation, and for the consideration the Board of Directors determines. In exercising this power, the Board of Directors may, by resolution, accept subscriptions, issue the unissued shares of the Corporation's share capital and grant an exchange right, option or right to acquire shares of the Corporation.

93. Payment of shares

The shares of the Corporation may be issued whether or not they are fully paid. However, shares may only be considered paid if consideration equal to the issue price (which may not be less than the par value, if any, of the shares) determined by the Board of Directors has been paid to the Corporation.

Consideration for the shares issued by the Corporation is payable in money, or in property or past services determined by the Board of Directors to be the fair equivalent of the money consideration, considering all the circumstances.

A promissory note or a promise to pay made by a person to whom shares are issued, or a person who does not deal at arm's length, within the meaning of that expression in the *Taxation Act* (R.S.Q., chapter I-3), with a person to whom shares are issued does not constitute consideration for the shares.

94. Share certificates

Shares issued by the Corporation may be certificated shares or uncertificated shares. A certificated share is represented by a paper certificate in registered form, and an uncertificated share is represented by an entry in the securities register in the name of the shareholder.

Unless otherwise provided in the articles of the Corporation, shares are issued as certificated shares unless the Board of Directors determines, by resolution, that the shares of any class or series of shares or certain shares of a class or series are to be issued as uncertificated shares.

The Board of Directors may also, by resolution, determine that certificated shares become uncertificated shares as soon as the paper certificate is surrendered to the Corporation.

95. Certificated shares

In the case of certificated shares, the Corporation must issue to the shareholder, without charge, a certificate in registered form. The Corporation is not required to issue more than one certificate for shares held jointly by two or more persons.

The Board of Directors adopts the form of the share certificate by resolution, as governed by the Act.

The share certificates of the Corporation must be signed by the secretary or by any director or any officer. This signature may be affixed by an automatic device or electronic process.

In the absence of any evidence to the contrary, the certificate is proof of the shareholder's title to the shares represented by the certificate.

The seal is not required to be affixed to the share certificate.

96. Uncertificated shares

In the case of uncertificated shares, the Corporation must send the shareholder a written notice containing the information prescribed by the Act.

97. Damaged, lost or destroyed certificates

If a shareholder claims that a share certificate has been lost, wrongfully taken or destroyed, the Corporation must issue a new certificate if the shareholder:

- a) so requests before the Corporation has notice that the lost, wrongfully taken or allegedly destroyed share certificate has been delivered to a protected purchaser within the meaning of the *Act respecting the transfer of securities and the establishment of security entitlements*;
- b) provides security sufficient in the Corporation's judgment to protect the Corporation from any loss that the Corporation may suffer by issuing a new certificate; and
- c) satisfies any other reasonable requirements imposed by the Corporation.

98. Unpaid shares

Unless the terms of payment for shares are determined by contract, the Board of Directors may call for payment of all or part of the unpaid amounts on shares subscribed or held by the shareholders, the whole as provided by the Act.

99. Transfer of shares

The transfer of shares of the Corporation is governed by the *Act respecting the transfer of securities and the establishment of security entitlements*.

Shares that are not fully paid but for which no instalment is payable may only be transferred with the authorization of the Board of Directors. The directors must reasonably verify the acquirer's ability to pay for the shares before authorizing the transfer.

A share may not be transferred until all instalments payable up to the time of transfer have been fully paid.

100. Transmission of shares

In the event of a transfer of shares by will, the Corporation may consider as entitled to exercise the rights of a deceased shareholder, an heir or personal representative of the heirs or of the succession of that shareholder, upon reception of sufficient proof of their appointment. That person is entitled to become the registered holder of the shares of the deceased or to designate those holders upon delivery to the Corporation of an affidavit or declaration setting out the conditions of the transfer and, as the case may be, of (a) an original of the decision concerning the probate of the will or the notarized minutes of the probate, or a copy of one of the aforementioned documents certified by the Court which rendered the decision or by the notary who prepared the minutes, or by a trust company constituted under provincial or federal legislation or by an attorney or notary acting on behalf of that person, (b) a certified true copy of the notarial will.

L. DIVIDENDS**101. Declaration of dividends**

Unless otherwise provided in the articles, the Board of Directors may declare and the Corporation may pay a dividend either in money or property or by issuing fully paid shares or options or rights to acquire fully paid shares of the Corporation.

The Corporation may not declare and pay a dividend, except by issuing shares or options or rights to acquire shares, if there are reasonable grounds for believing that the Corporation is, or would after the payment be, unable to pay its liabilities as they become due.

The Corporation may deduct from the dividends payable to a shareholder any amount due to the Corporation by the shareholder, on account of calls for payment or otherwise.

102. Record Date

The Board of Directors may fix, in advance, in accordance with applicable securities regulations, a record date for the determination of the shareholders entitled to receive dividends.

M. FISCAL YEAR AND AUDITOR**103. Fiscal year**

The fiscal year of the Corporation ends on December 31st of every year or on the date set by resolution of the Board of Directors.

104. Auditor

The shareholders of the Corporation appoint an auditor at each annual shareholders meeting. The auditor is appointed by ordinary resolution. The term of the auditor begins on appointment. The auditor's remuneration is fixed by ordinary resolution of the shareholders at the time of appointment. If it is not fixed at that time, it is fixed by the Board of Directors.

The shareholders may, by ordinary resolution at a special meeting, remove the auditor from office. They may appoint a new auditor by ordinary resolution at the same meeting.

Subject to the shareholders' right to fill the vacancy after removing an auditor, the Board of Directors fills a vacancy in the office of auditor without delay for the unexpired term.

105. Accountant

The shareholders of a corporation other than a reporting issuer may decide not to appoint an auditor. The decision must be made by unanimous resolution of the shareholders of the corporation, including shareholders not otherwise entitled to vote. The decision of the shareholders has effect only until the next annual shareholders meeting. It terminates the term of any auditor in office.

If the shareholders adopt such a resolution, the board of directors may decide to appoint until the next annual meeting one or more accountants to oversee the accounts and prepare the financial statements of the corporation. The board of directors fixes their remuneration.

If the accountant dies, resigns or is removed by the board of directors before the expiry of his term of office, the board of directors may fill the vacancy and appoint a replacement who will hold office for the unexpired portion of the term.

N. NOTICE

106. Shares registered in the name of more than one person (joint shareholders)

If two or more persons hold shares jointly, any notice or other document relating to such shares is sent to the first shareholder indicated in the Corporation's securities register. Such notice or other document is deemed to have been sent to all the other shareholders.

107. Registered shareholder

Before due presentation for registration of transfer of a certificated share or the receipt of an instruction for registration of transfer of an uncertificated share, the Corporation may treat the shareholder registered in the securities register as the person exclusively entitled to receive notices or other documents.

108. Address of shareholders

A shareholder must provide the Corporation with an address to which all notices or documents for him are sent.

109. Signing of notices

Notices sent by the Corporation are signed by a director, officer or any other authorized person. Their signature may be affixed by an automatic device or electronic process.

110. Calculation of time limits

Unless otherwise provided in these by-laws, in computing any time limit fixed by the articles or these by-laws:

- a) the day which marks the start of the time limit is not counted, but the terminal day is counted;
- b) non-judicial days within the meaning of the *Code of Civil Procedure* are counted; but when the last day is a non-judicial day, the time limit is extended to the next following judicial day;
- c) Saturday is considered a non-judicial day.

O. OTHER PROVISIONS**111. Declarations in the enterprise register**

A director, officer or any authorized person signs the declarations which must be sent by the Corporation to the enterprise registrar under the *Act respecting the legal publicity of enterprises*.

112. By-laws

Unless otherwise provided for in the unanimous shareholder agreement, the Board of Directors adopts the Corporation's by-laws. The by-laws are effective as of the date of the resolution of the board. The by-laws must be submitted to the shareholders for approval at the next shareholders meeting, and the shareholders may, by ordinary resolution, ratify, reject or amend them. They cease to be effective at the close of the meeting if they are rejected by or not submitted to the shareholders.

The rules of this section apply, with the necessary modifications to the amendment or repeal of by-laws.

Any new by-law adopted by the Board of Directors that has substantially the same purpose or effect as a by-law previously rejected by or not submitted to the shareholders at the meeting is not effective until confirmed by the shareholders.

Adopted by the Board of Directors on December 31, 2020 and ratified by the sole shareholder on December 31, 2020.

/s/ Sophie Riendeau

Sophie Riendeau

Secretary

VIDEOTRON LTD. / VIDÉOTRON LTÉE

FIFTH SUPPLEMENTAL INDENTURE

Dated as of January 5, 2021

Wells Fargo Bank, National Association,

Trustee

FIFTH SUPPLEMENTAL INDENTURE, dated as of January 5, 2021 (this “**Fifth Supplemental Indenture**”), by and among Videotron Ltd. / Vidéotron Ltée, a corporation under the laws of the Province of Québec (the “**Corporation**”), Télédistribution Amos Inc., a corporation under the laws of the Province of Québec (the “**Additional Subsidiary Guarantor**”) and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), to the Indenture, dated as of March 14, 2012, as supplemented through the date hereof (the “**Indenture**”), by and among the Corporation, each of the subsidiary guarantors party thereto (collectively referred to as the “**Original Subsidiary Guarantors**”), and the Trustee.

WHEREAS, the Corporation, the Original Subsidiary Guarantors and the Trustee have entered into the Indenture governing the Corporation’s 5% Senior Notes due July 15, 2022 (the “**Notes**”);

WHEREAS, Section 4.19 of the Indenture provides that under certain circumstances the Corporation shall cause a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture providing for a Subsidiary Guarantee of the payment of the Notes by such Restricted Subsidiary;

WHEREAS, the parties hereto are desirous of further supplementing the Indenture in the manner hereinafter provided for the purpose of providing a Subsidiary Guarantee by the Additional Subsidiary Guarantor in accordance with the terms of the Indenture;

WHEREAS, Section 9.01(e) of the Indenture provides that the Corporation and the Trustee may amend or supplement the Indenture without the consent of any Holder to add additional guarantees with respect to the Notes;

WHEREAS, this Fifth Supplemental Indenture shall not result in a material modification of the Notes for purposes of the Foreign Account Tax Compliance Act; and

WHEREAS, all things necessary have been done to make this Fifth Supplemental Indenture a valid agreement of the Corporation, the Additional Subsidiary Guarantor and the Trustee, in accordance with its terms.

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises contained herein, the parties hereto mutually covenant and agree as follows:

1. Terms used in this Fifth Supplemental Indenture that are not defined herein shall have the meanings set forth in the Indenture.
2. The Additional Subsidiary Guarantor hereby agrees to provide an unconditional Subsidiary Guarantee on the terms and subject to the conditions and limitations set forth in the Indenture, including but not limited to Article 10 of the Indenture.
3. This Fifth Supplemental Indenture shall be construed as supplemental to the Indenture and shall form a part thereof, and the Indenture is hereby incorporated by reference herein and, as supplemented, modified and restated hereby, is hereby ratified, approved and confirmed.

Fifth Supplemental Indenture to VL 2012 Indenture

4. This Fifth Supplemental Indenture shall be effective as of the date hereof. On and after the date hereof, each reference in the Indenture to “this Indenture,” “hereunder,” “hereof,” or “herein” shall mean and be a reference to the Indenture as supplemented by this Fifth Supplemental Indenture unless the context otherwise requires.

5. Except as provided below, in the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Fifth Supplemental Indenture, the terms and conditions of this Fifth Supplemental Indenture shall prevail.

6. If any provision of this Fifth Supplemental Indenture limits, qualifies or conflicts with another provision of the Indenture that is required to be included by the Trust Indenture Act of 1939, as amended (the “**Act**”), as in force at the date this Fifth Supplemental Indenture is executed, the provision required by said Act shall control.

7. This Fifth Supplemental Indenture shall be governed and construed in accordance with the laws of the State of New York.

8. This Fifth Supplemental Indenture may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Fifth Supplemental Indenture.

9. The recitals contained in this Fifth Supplemental Indenture shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Fifth Supplemental Indenture.

[SIGNATURES ON FOLLOWING PAGES]

Fifth Supplemental Indenture to VL 2012 Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the day and year first above written.

CORPORATION:

VIDÉOTRON LTÉE

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Senior Vice President and Chief Financial Officer

By : /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

ADDITIONAL SUBSIDIARY GUARANTOR:

TÉLÉDISTRIBUTION AMOS INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President and Chief Financial Officer

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

TRUSTEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Tina D. Gonzalez
Name: Tina D. Gonzalez
Title: Vice President

Fifth Supplemental Indenture to VL 2012 Indenture

VIDEOTRON LTD. / VIDÉOTRON LTÉE

SUPPLEMENTAL INDENTURE

Dated as of January 5, 2021

Computershare Trust Company of Canada,

Trustee

SUPPLEMENTAL INDENTURE, dated as of January 5, 2021 (this “**Supplemental Indenture**”), by and among Videotron Ltd. / Vidéotron Ltée, a corporation under the laws of the Province of Québec (the “**Corporation**”), Télédistribution Amos Inc., a corporation under the laws of the Province of Québec (the “**Additional Subsidiary Guarantor**”) and Computershare Trust Company of Canada (“**Computershare**” or the “**Trustee**”), as trustee, to each of (i) the Indenture, dated as of June 17, 2013, as supplemented through the date hereof, by and among the Corporation, each of the subsidiary guarantors party thereto, and Computershare, as trustee (the “**2013 Indenture**”), (ii) the Indenture, dated as of September 15, 2015, as supplemented through the date hereof, by and among the Corporation, each of the subsidiary guarantors party thereto, and Computershare, as trustee (the “**2015 Indenture**”), and (iii) the Indenture, dated as of October 8, 2019, as supplemented through the date hereof, by and among the Corporation, each of the subsidiary guarantors party thereto, and Computershare, as trustee (the “**2019 Indenture**” and, collectively with the 2013 Indenture and the 2015 Indenture, the “**Indentures**” and each an “**Indenture**”).

WHEREAS, the Corporation, the existing subsidiary guarantors party thereto, and Computershare, as trustee, have entered into (i) the 2013 Indenture governing the Corporation’s 5½% Senior Notes due June 15, 2025 (the “**2025 Notes**”), (ii) the 2015 Indenture governing the Corporation’s 5¾% Senior Notes due January 15, 2026 (the “**2026 Notes**”), and (iii) the 2019 Indenture governing the Corporation’s 4.50% Senior Notes due January 15, 2030 (the “**2030 Notes**” and, collectively with the 2025 Notes and the 2026 Notes, the “**Notes**”);

WHEREAS, Section 4.19 of each of the Indentures, respectively, provides that under certain circumstances the Corporation shall cause a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture providing for a Subsidiary Guarantee of the payment of the Notes issued thereunder by such Restricted Subsidiary;

WHEREAS, the parties hereto are desirous of further supplementing each Indenture in the manner hereinafter provided for the purpose of providing a Subsidiary Guarantee by the Additional Subsidiary Guarantor, as applicable, in accordance with the terms of each Indenture;

WHEREAS, Section 9.01(5) of each Indenture, respectively, provides that the Corporation and the Trustee may amend or supplement such Indenture without the consent of any Holder to add additional guarantees with respect to the Notes issued thereunder; and

WHEREAS, all things necessary have been done to make this Supplemental Indenture a valid agreement of the Corporation, the Additional Subsidiary Guarantor and the Trustee, in accordance with its terms.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises contained herein, the parties hereto mutually covenant and agree as follows:

1. In respect of each of the Indentures, respectively, terms used in this Supplemental Indenture that are not defined herein shall have the meanings set forth in such Indenture.

Supplemental Indenture – VL/Télédistribution Amos Inc.

2. The Additional Subsidiary Guarantor hereby agrees to provide an unconditional Subsidiary Guarantee on the terms and subject to the conditions and limitations set forth in each Indenture, including but not limited to Article 10 of each Indenture.

3. This Supplemental Indenture shall be construed as supplemental to each Indenture, respectively, and shall form a part thereof, and each Indenture is hereby incorporated by reference herein and, as supplemented, modified and restated hereby, is hereby ratified, approved and confirmed.

4. This Supplemental Indenture shall be effective as of the date hereof. On and after the date hereof, each reference in each Indenture to “this Indenture,” “hereunder,” “hereof,” or “herein” shall mean and be a reference to such Indenture as supplemented by this Supplemental Indenture unless the context otherwise requires.

5. Except as provided below, in the event of a conflict between the terms and conditions of each Indenture, respectively, and the terms and conditions of this Supplemental Indenture, the terms and conditions of this Supplemental Indenture shall prevail.

6. If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision of each Indenture, respectively, that is required to be included by the Trust Indenture Act of 1939, as amended (the “Act”), as in force at the date this Supplemental Indenture is executed, the provision required by said Act shall control.

7. This Supplemental Indenture shall be governed and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. The parties hereby acknowledge that they have expressly required this Supplemental Indenture be drawn up in the English language only. *Les parties reconnaissent avoir expressément demandé que la présente convention soit rédigée en anglais seulement.*

8. This Supplemental Indenture may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Supplemental Indenture.

9. The recitals contained in this Supplemental Indenture shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

[SIGNATURES ON FOLLOWING PAGES]

Supplemental Indenture – VL/Télédistribution Amos Inc.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

CORPORATION:

VIDÉOTRON LTÉE

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Senior Vice President and Chief Financial Officer

By : /s/ Jean-François Parent
Name: Jean- François Parent
Title: Vice President and Treasurer

ADDITIONAL SUBSIDIARY GUARANTOR:

TÉLÉDISTRIBUTION AMOS INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President and Chief Financial Officer

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: /s/ Bianca Kara
Name: Bianca Kara
Title: Corporate Trust Officer

By : /s/ Ekaterini Galouzis
Name: Ekaterini Galouzis
Title: Associate Trust Officer

Supplemental Indenture – VL/Télédistribution Amos Inc.

VIDEOTRON LTD. / VIDÉOTRON LTÉE

FIFTH SUPPLEMENTAL INDENTURE

Dated as of January 5, 2021

Wells Fargo Bank, National Association,

Trustee



FIFTH SUPPLEMENTAL INDENTURE, dated as of January 5, 2021 (this “**Fifth Supplemental Indenture**”), by and among Videotron Ltd. / Vidéotron Ltée, a corporation under the laws of the Province of Québec (the “**Corporation**”), Télédistribution Amos Inc., a corporation under the laws of the Province of Québec (the “**Additional Subsidiary Guarantor**”) and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), to the Indenture, dated as of April 9, 2014, as supplemented through the date hereof (the “**Indenture**”), by and among the Corporation, each of the subsidiary guarantors party thereto (collectively referred to as the “**Original Subsidiary Guarantors**”), and the Trustee.

WHEREAS, the Corporation, the Original Subsidiary Guarantors and the Trustee have entered into the Indenture governing the Corporation’s 5½% Senior Notes due June 15, 2024 (the “**Notes**”);

WHEREAS, Section 4.19 of the Indenture provides that under certain circumstances the Corporation shall cause a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture providing for a Subsidiary Guarantee of the payment of the Notes by such Restricted Subsidiary;

WHEREAS, the parties hereto are desirous of further supplementing the Indenture in the manner hereinafter provided for the purpose of providing a Subsidiary Guarantee by the Additional Subsidiary Guarantor in accordance with the terms of the Indenture;

WHEREAS, Section 9.01(e) of the Indenture provides that the Corporation and the Trustee may amend or supplement the Indenture without the consent of any Holder to add additional guarantees with respect to the Notes;

WHEREAS, this Fifth Supplemental Indenture shall not result in a material modification of the Notes for purposes of the Foreign Account Tax Compliance Act; and

WHEREAS, all things necessary have been done to make this Fifth Supplemental Indenture a valid agreement of the Corporation, the Additional Subsidiary Guarantor and the Trustee, in accordance with its terms.

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises contained herein, the parties hereto mutually covenant and agree as follows:

1. Terms used in this Fifth Supplemental Indenture that are not defined herein shall have the meanings set forth in the Indenture.
2. The Additional Subsidiary Guarantor hereby agrees to provide an unconditional Subsidiary Guarantee on the terms and subject to the conditions and limitations set forth in the Indenture, including but not limited to Article 10 of the Indenture.
3. This Fifth Supplemental Indenture shall be construed as supplemental to the Indenture and shall form a part thereof, and the Indenture is hereby incorporated by reference herein and, as supplemented, modified and restated hereby, is hereby ratified, approved and confirmed.

Fifth Supplemental Indenture to VL 2014 Indenture

4. This Fifth Supplemental Indenture shall be effective as of the date hereof. On and after the date hereof, each reference in the Indenture to “this Indenture,” “hereunder,” “hereof,” or “herein” shall mean and be a reference to the Indenture as supplemented by this Fifth Supplemental Indenture unless the context otherwise requires.

5. Except as provided below, in the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Fifth Supplemental Indenture, the terms and conditions of this Fifth Supplemental Indenture shall prevail.

6. If any provision of this Fifth Supplemental Indenture limits, qualifies or conflicts with another provision of the Indenture that is required to be included by the Trust Indenture Act of 1939, as amended (the “**Act**”), as in force at the date this Fifth Supplemental Indenture is executed, the provision required by said Act shall control.

7. This Fifth Supplemental Indenture shall be governed and construed in accordance with the laws of the State of New York.

8. This Fifth Supplemental Indenture may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Fifth Supplemental Indenture.

9. The recitals contained in this Fifth Supplemental Indenture shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Fifth Supplemental Indenture.

[SIGNATURES ON FOLLOWING PAGES]

Fifth Supplemental Indenture to VL 2014 Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the day and year first above written.

CORPORATION:

VIDÉOTRON LTÉE

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Senior Vice President and Chief Financial Officer

By : /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

ADDITIONAL SUBSIDIARY GUARANTOR:

TÉLÉDISTRIBUTION AMOS INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President and Chief Financial Officer

By : /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

TRUSTEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Tina D. Gonzalez
Name: Tina D. Gonzalez
Title: Vice President

Fifth Supplemental Indenture to VL 2014 Indenture

VIDEOTRON LTD. / VIDÉOTRON LTÉE

SECOND SUPPLEMENTAL INDENTURE

Dated as of January 5, 2021

Wells Fargo Bank, National Association,

Trustee

SECOND SUPPLEMENTAL INDENTURE, dated as of January 5, 2021 (this “**Second Supplemental Indenture**”), by and among Videotron Ltd. / Vidéotron Ltée, a corporation under the laws of the Province of Québec (the “**Corporation**”), Télédistribution Amos Inc., a corporation under the laws of the Province of Québec (the “**Additional Subsidiary Guarantor**”) and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), to the Indenture, dated as of April 13, 2017, as supplemented through the date hereof (the “**Indenture**”), by and among the Corporation, each of the subsidiary guarantors party thereto (collectively referred to as the “**Original Subsidiary Guarantors**”), and the Trustee.

WHEREAS, the Corporation, the Original Subsidiary Guarantors and the Trustee have entered into the Indenture governing the Corporation’s 5½% Senior Notes due April 15, 2027 (the “**Notes**”);

WHEREAS, Section 4.19 of the Indenture provides that under certain circumstances the Corporation shall cause a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture providing for a Subsidiary Guarantee of the payment of the Notes by such Restricted Subsidiary;

WHEREAS, the parties hereto are desirous of further supplementing the Indenture in the manner hereinafter provided for the purpose of providing a Subsidiary Guarantee by the Additional Subsidiary Guarantor in accordance with the terms of the Indenture;

WHEREAS, Section 9.01(e) of the Indenture provides that the Corporation and the Trustee may amend or supplement the Indenture without the consent of any Holder to add additional guarantees with respect to the Notes;

WHEREAS, this Second Supplemental Indenture shall not result in a material modification of the Notes for purposes of the Foreign Account Tax Compliance Act; and

WHEREAS, all things necessary have been done to make this Second Supplemental Indenture a valid agreement of the Corporation, the Additional Subsidiary Guarantor and the Trustee, in accordance with its terms.

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises contained herein, the parties hereto mutually covenant and agree as follows:

1. Terms used in this Second Supplemental Indenture that are not defined herein shall have the meanings set forth in the Indenture.
2. The Additional Subsidiary Guarantor hereby agrees to provide an unconditional Subsidiary Guarantee on the terms and subject to the conditions and limitations set forth in the Indenture, including but not limited to Article 10 of the Indenture.
3. This Second Supplemental Indenture shall be construed as supplemental to the Indenture and shall form a part thereof, and the Indenture is hereby incorporated by reference herein and, as supplemented, modified and restated hereby, is hereby ratified, approved and confirmed.

Second Supplemental Indenture to VL 2017 Indenture

4. This Second Supplemental Indenture shall be effective as of the date hereof. On and after the date hereof, each reference in the Indenture to “this Indenture,” “hereunder,” “hereof,” or “herein” shall mean and be a reference to the Indenture as supplemented by this Second Supplemental Indenture unless the context otherwise requires.

5. Except as provided below, in the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Second Supplemental Indenture, the terms and conditions of this Second Supplemental Indenture shall prevail.

6. If any provision of this Second Supplemental Indenture limits, qualifies or conflicts with another provision of the Indenture that is required to be included by the Trust Indenture Act of 1939, as amended (the “Act”), as in force at the date this Second Supplemental Indenture is executed, the provision required by said Act shall control.

7. This Second Supplemental Indenture shall be governed and construed in accordance with the laws of the State of New York.

8. This Second Supplemental Indenture may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Second Supplemental Indenture.

9. The recitals contained in this Second Supplemental Indenture shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture.

[SIGNATURES ON FOLLOWING PAGES]

Second Supplemental Indenture to VL 2017 Indenture

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the day and year first above written.

CORPORATION:

VIDÉOTRON LTÉE

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Senior Vice President and Chief Financial Officer

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

ADDITIONAL SUBSIDIARY GUARANTOR:

TÉLÉDISTRIBUTION AMOS INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President and Chief Financial Officer

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

TRUSTEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Tina D. Gonzalez
Name: Tina D. Gonzalez
Title: Vice President

Second Supplemental Indenture to VL 2017 Indenture

VIDEOTRON LTD./VIDÉOTRON LTÉE

\$650,000,000

3.125% SENIOR NOTES DUE JANUARY 15, 2031

INDENTURE

Dated as of January 22, 2021

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

This INDENTURE, dated as of January 22, 2021, 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 3.125% Senior Notes due January 15, 2031 issued under this Indenture (the “Notes”):

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

“144A Global Note” means, if applicable, a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold for initial resale in reliance on Rule 144A.

“1933 Act” means the United States Securities Act of 1933, as amended, and the rules and regulations thereunder, including any successor legislation and rules and regulations.

“Accounts Receivable Entity” means a Subsidiary of the Company or any other Person in which the Company or any of its Restricted Subsidiaries makes an Investment:

- (1) that is formed solely for the purpose of, and that engages in no activities other than activities in connection with, financing accounts receivable;
- (2) that is designated as an Accounts Receivable Entity;

(3) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which (a) is at any time guaranteed by the Company or any of its Restricted Subsidiaries (excluding guarantees of obligations (other than any guarantee of Indebtedness) pursuant to Standard Securitization Undertakings), (b) is at any time recourse to or obligates the Company or any of its Restricted Subsidiaries in any way, other than pursuant to Standard Securitization Undertakings, or (c) subjects any asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings (such Indebtedness, “Non-Recourse Accounts Receivable Entity Indebtedness”);

(4) with which neither the Company nor any of its Restricted Subsidiaries has any material contract, agreement, arrangement or understanding other than contracts, agreements, arrangements and understandings entered into in the ordinary course of business on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company in connection with a Qualified Receivables Transaction and fees payable in the ordinary course of business in connection with servicing accounts receivable in connection with such a Qualified Receivables Transaction; and

(5) with respect to which neither the Company nor any of its Restricted Subsidiaries has any obligation to maintain or preserve the solvency or any balance sheet term, financial condition, level of income or results of operations thereof.

“Acquired Debt” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Additional Notes*” means any Notes (other than Initial Notes and Notes issued under Sections 2.06, 2.07, 2.10 and 3.06 hereof) issued under this Indenture in accordance with Sections 2.02, 2.14 and 4.09 hereof as part of the same series as the Initial Notes or as an additional series.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided, however*, that beneficial ownership of more than 10% of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” shall have correlative meanings.

“*Agent*” means any Registrar, co-registrar, Paying Agent or additional paying agent.

“*Applicable Procedures*” means, with respect to any transfer, redemption or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary that apply to such transfer, redemption or exchange.

“*Applicable Securities Legislation*” means applicable securities laws (including rules, regulations, policies and instruments) in each of the applicable provinces and territories of Canada;

“*Asset Acquisition*” means (a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be consolidated or merged with or into the Company or any Restricted Subsidiary or (b) any acquisition by the Company or any Restricted Subsidiary of the assets of any Person that constitute substantially all of an operating unit, a division or line of business of such Person or that is otherwise outside of the ordinary course of business.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights, other than in the ordinary course of business; *provided, however*, that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, shall be governed by the provisions of Sections 4.18 and 5.01 hereof and not by the provisions of Section 4.12 hereof; and
- (2) the issuance of Equity Interests of any Restricted Subsidiary or the sale of Equity Interests by the Company or any of its Restricted Subsidiaries in any Restricted Subsidiary.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US\$100.0 million;
- (2) a sale, lease, conveyance or other disposition of assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

- (4) the sale, lease, conveyance or other disposition of equipment, inventory, accounts receivable or other assets in the ordinary course of business;
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) any Tax Benefit Transaction;
- (7) a Restricted Payment or Permitted Investment that is permitted by Section 4.10 hereof, and any sale, lease, conveyance or other disposition the proceeds of which are distributed within 90 days of such sale, lease, conveyance or other disposition as a Restricted Payment in compliance with Section 4.10 hereof;
- (8) the issuance of Equity Interests of any of the Company's Restricted Subsidiaries; *provided* that after such issuance the Company's ownership interests in such Restricted Subsidiary, whether directly or through its Restricted Subsidiaries, is at least equal to its ownership interests in such Restricted Subsidiary prior to such issuance;
- (9) the issuance of Equity Interests of any Subsidiary pursuant to any equity compensation plan entered into in the ordinary course of business; *provided*, however, that the aggregate Fair Market Value of all such issued and outstanding Equity Interests shall not exceed US\$5.0 million in any twelve-month period;
- (10) sales of accounts receivables pursuant to a Qualified Receivables Transaction for the Fair Market Value thereof, including cash in an amount equal to at least 75% of the Fair Market Value thereof;
- (11) any transfer of accounts receivable, or a fractional undivided interest therein, by an Accounts Receivable Entity in a Qualified Receivables Transaction;
- (12) any Asset Swap;
- (13) non-exclusive licenses of intellectual property; and
- (14) dispositions of Investments and other assets in joint venture entities or unincorporated joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements, facilities connection agreements and similar binding arrangements; *provided* that the net cash proceeds, if any, received by the Company or any Restricted Subsidiary of the Company in connection with such disposition shall be applied in accordance with Section 4.12 hereof.

“*Asset Swap*” means an exchange of assets (including securities) by the Company or a Restricted Subsidiary for:

- (1) one or more Permitted Businesses;
- (2) a controlling equity interest in any Person whose assets consist primarily of one or more Permitted Businesses; *provided* such Person becomes a Restricted Subsidiary; and/or
- (3) long-term assets that are used in a Permitted Business.

“*Attributable Debt*” in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

“*Back-to-Back Debt*” means any loans made or debt instruments issued as part of a Back-to-Back Transaction and in which each party to such Back-to-Back Transaction, other than a Videotron Entity, executes or has executed a subordination agreement in favor of the Holders in substantially the form attached hereto as Exhibit F.

“*Back-to-Back Preferred Shares*” means Preferred Shares issued:

- (1) to a Videotron Entity by an Affiliate of the Company in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, an Affiliate of such Videotron Entity has loaned on an unsecured basis to such Videotron Entity, or an Affiliate of such Videotron Entity has subscribed for Preferred Shares of such Videotron Entity in, an amount equal to the requisite subscription price for such Preferred Shares;
- (2) by a Videotron Entity to one of its Affiliates in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, such Videotron Entity has loaned an amount equal to the proceeds of such issuance to an Affiliate on an unsecured basis; or
- (3) by a Videotron Entity to one of its Affiliates in circumstances where, immediately prior to or after, as the case may be, the issuance of such Preferred Shares, such Videotron Entity has used the proceeds of such issuance to subscribe for Preferred Shares issued by an Affiliate;

in each case on terms whereby:

- (i) the aggregate redemption amount applicable to the Preferred Shares issued to or by such Videotron Entity is identical:
 - (A) in the case of (1) above, to the principal amount of the loan made or the aggregate redemption amount of the Preferred Shares subscribed for by such Affiliate;
 - (B) in the case of (2) above, to the principal amount of the loan made to such Affiliate; or
 - (C) in the case of (3) above, to the aggregate redemption amount of the Preferred Shares issued by such Affiliate;
- (ii) the dividend payment date applicable to the Preferred Shares issued to or by such Videotron Entity shall:
 - (A) in the case of (1) above, be immediately prior to, or on the same date as, the interest payment date relevant to the loan made or the dividend payment date on the Preferred Shares subscribed for by such Affiliate;
 - (B) in the case of (2) above, be immediately after, or on the same date as, the interest payment date relevant to the loan made to such Affiliate; or
 - (C) in the case of (3) above, be immediately after, or on the same date as, the dividend payment date on the Preferred Shares issued by such Affiliate;
- (iii) the amount of dividends provided for on any payment date in the share conditions attaching to the Preferred Shares issued:
 - (A) to a Videotron Entity in the case of (1) above, shall be equal to or in excess of the amount of interest payable in respect of the loan made or the amount of dividends provided for in respect of the Preferred Shares subscribed for by such Affiliate;

- (B) by a Videotron Entity in the case of (2) above, shall be less than or equal to the amount of interest payable in respect of the loan made to such Affiliate; or
- (C) by a Videotron Entity in the case of (3) above, shall be equal to the amount of dividends in respect of the Preferred Shares issued by such Affiliate;

and *provided* that, in the case of Preferred Shares issued by a Restricted Subsidiary that is not a Subsidiary Guarantor, each holder of such Preferred Shares under such Back-to-Back Transaction, other than such Restricted Subsidiary, executes a subordination agreement in favor of the Holders in substantially the form attached hereto as Exhibit F.

“*Back-to-Back Securities*” means Back-to-Back Preferred Shares or Back-to-Back Debt or both, as the context requires; *provided* that a Back-to-Back Security issued by any Restricted Subsidiary that is not a Subsidiary Guarantor (A) shall provide that (i) such Restricted Subsidiary shall suspend any payment on such Back-to-Back Security until such Restricted Subsidiary receives payment on the corresponding Back-to-Back Security in an amount equal to or exceeding the amount to be paid on the Back-to-Back Security issued by such Restricted Subsidiary and (ii) if the holder of such Back-to-Back Security is paid any amount on or with respect to such Back-to-Back Security by such Restricted Subsidiary, then to the extent such amounts are paid out of proceeds in excess of the corresponding payment received by such Restricted Subsidiary on the corresponding Back-to-Back Security held by it, the holder of such Back-to-Back Security will hold such excess payment in trust for the benefit of such Restricted Subsidiary and will forthwith repay such payment to such Restricted Subsidiary and (B) may provide that, notwithstanding clause (A), such Restricted Subsidiary may make payment on such Back-to-Back Security if at the time of payment such Restricted Subsidiary would be permitted to make such payment under Section 4.10 hereof; *provided* that any payment made pursuant to this clause (B) which is otherwise prohibited under clause (A) would constitute a Restricted Payment.

“*Back-to-Back Transaction*” means any of the transactions described under the definition of Back-to-Back Preferred Shares.

“*Bankruptcy Law*” means Title 11, U.S. Code or any similar federal or state law for the relief of debtors, the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) or any other Canadian federal or provincial law or the law of any other jurisdiction relating to bankruptcy, insolvency, winding up, liquidation, reorganization or relief of debtors.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as such term is used in Section 13(d)(3) of the Exchange Act), such “person” shall be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms “*Beneficially Owns*” and “*Beneficially Owned*” shall have corresponding meanings.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the board of directors or other governing body of the general partner(s) of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Board Resolution*” means a copy of a resolution certified by the secretary or an assistant secretary (or individual performing comparable duties) of the applicable Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“*Book-Entry System*” means the record entry and securities transfer and pledge system, which is administered by the Depository 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 January 15, 2026 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 January 15, 2026 on such date, where such arithmetic average is based in each case on the bids quoted to an independent investment dealer acting as agent of the Company by two (2) independent registered members of the Investment Industry Regulatory Organization of Canada selected by the Company (and acceptable to the Trustee, acting reasonably), calculated in accordance with standard practice in the industry.

“*Canada Yield Price*” means the price for the Notes, as determined by an independent investment dealer selected by the Company and acceptable to the Trustee, acting reasonably, as of the Business Day immediately preceding the day on which the notice of redemption for prepayment is given, equal to the sum of the present values of (1) the redemption price of such Notes at January 15, 2026 (such redemption price being described under Section 3.07) plus (2) the scheduled payments of interest on the Notes remaining between the date of redemption and January 15, 2026 (not including any portion of the scheduled payments of interest accrued as of the relevant redemption date) discounted to the relevant redemption date on a semi-annual basis (assuming a 365-day year) at the discount rate equal to the sum of the Canada Bond Yield for such Notes and the Canada Yield Spread.

“*Canada Yield Spread*” means 1.00% (or 100 basis points) per annum.

“*Canadian Placement Global Note*” means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold for initial resale in reliance on available prospectus and dealer registration exemptions in Canada and in reliance on Regulation S.

“*Canadian Placement Legend*” means the legend set forth in Section 2.06(f)(i)(B) hereof, to be placed on all Notes issued under the Indenture, unless otherwise permitted by the provisions of this Indenture.

“*Canadian Taxing Authority*” means any federal, provincial, territorial or other Canadian government or any authority or agency therein having the power to tax.

“*Capital Lease Obligation*” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP. Notwithstanding the foregoing, any lease (whether entered into before or after December 31, 2012) that would have been classified as an operating lease pursuant to GAAP as in effect on December 31, 2012 shall be deemed not to be a capital lease or a financing lease.

“*Capital Markets Indebtedness*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the 1933 Act, (b) a private placement to institutional investors in accordance with Rule 144A or Regulation S under the 1933 Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the Commission or (c) a private placement to institutional investors. For the avoidance of doubt, the term “*Capital Markets Indebtedness*” does not include any Indebtedness under the Credit Agreement, Indebtedness incurred in connection with a sale and leaseback transaction, Capital Lease Obligations or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering”.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“*Capital Stock Sale Proceeds*” means the aggregate net cash proceeds received by the Company after October 8, 2003:

- (1) as a contribution to the common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities); or
- (2) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests,

other than, in either (1) or (2), Equity Interests (or convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities) sold to a Subsidiary of the Company.

“*Cash Equivalents*” means:

- (1) United States dollars or Canadian dollars;
- (2) investments in securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth, territory or province of the United States of America or Canada, or by any political subdivision or taxing authority thereof, and rated, at the time of acquisition, in the “R-1” category by DBRS (or the equivalent rating issued by any other Designated Rating Organization);
- (3) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of US\$500.0 million;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having, at the time of acquisition, the highest rating obtainable from Moody’s Investors Service, Inc. or Standard & Poor’s Rating Services and in each case maturing within one year after the date of acquisition or with respect to commercial paper in Canada, a rating, at the time of acquisition, in the “R-1” category by DBRS (or the equivalent rating issued by any other Designated Rating Organization); and

- (6) money market funds at least 90% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

“CDS” means CDS Clearing and Depository Services Inc.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder or a Related Party of a Permitted Holder;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Company;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person, other than a Permitted Holder or a Related Party of a Permitted Holder, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or
- (4) during any consecutive two-year period, the first day on which individuals who constituted the Board of Directors of the Company as of the beginning of such two-year period (together with any new directors who were nominated for election or elected to such Board of Directors with the approval of a majority of the individuals who were members of such Board of Directors, or whose nomination or election was previously so approved at the beginning of such two-year period) cease to constitute a majority of the Board of Directors of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Ratings Event.

“Civil Code” means the *Civil Code of Québec*, as amended from time to time.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission and any successor entity thereto.

“Company” means Videotron Ltd. (Vidéotron Ltée in its French version) and any successor thereto.

“Consolidated Cash Flow” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus:

- (1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (2) Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, including for the purpose of this clause (2) any interest expense on the QMI Subordinated Loan that was otherwise excluded from the definition of Consolidated Interest Expense, in each case to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

- (3) depreciation, amortization (including amortization of goodwill and other intangibles, but excluding amortization of prepaid cash expenses that were paid in a prior period to the extent such expense is amortized) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents (i) an accrual of or reserve for cash expenses in any future period, or (ii) amortization of a prepaid cash expense that was paid in a prior period to the extent such expense is amortized) of such Person and its Restricted Subsidiaries for such period, to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; minus
- (4) any interest and other payments made to Persons other than any Videotron Entity in respect of Back-to-Back Securities to the extent such interest and other payments were not deducted in computing such Consolidated Net Income; minus
- (5) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, the Consolidated Interest Expense of and the depreciation and amortization and other non-cash expenses of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be 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.

“*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. and National Bank of Canada, as co-lead arrangers, and the lenders thereto.

“*Credit Facilities*” means one or more debt facilities (including, without limitation, the Credit Agreement), commercial paper facilities, or other debt arrangements (including, without limitation, under this Indenture), in each case with banks, other institutional lenders or investors, providing for revolving credit loans, term loans, notes, receivables financing (including, to the extent Indebtedness, through the sales of accounts receivables to such lenders or investors or to an Accounts Receivable Entity) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

“*Currency Exchange Protection Agreement*” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates entered into with any commercial bank or other financial institutions having capital and surplus in excess of US\$500.0 million.

“*Custodian*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03(c) hereof as Custodian with respect to the Notes, and any and all successors thereto appointed as custodian hereunder and having become such pursuant to the applicable provisions of this Indenture.

“*Customary Recourse Exceptions*” means, with respect to any Non-Recourse Debt, exclusions from the exculpation provisions with respect to such Indebtedness for the voluntary bankruptcy of the relevant joint venture entity or Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

“*DBRS*” means, collectively, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited, or any successor to the rating agency business thereof.

“*Debt to Cash Flow Ratio*” means, as of any date of determination (the “*Determination Date*”), the ratio of (a) the Consolidated Indebtedness of the Company (excluding the QMI Subordinated Loan) as of such Determination Date to (b) the Consolidated Cash Flow of the Company for the most recently ended fiscal quarter ending immediately prior to such Determination Date for which internal financial statements are available (the “*Measurement Period*”) multiplied by four, determined on a *pro forma* basis after giving effect to all acquisitions or dispositions of assets made by the Company and the Restricted Subsidiaries from the beginning of such quarters through and including such Determination Date (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such quarter. For purposes of calculating Consolidated Cash Flow for each Measurement Period immediately prior to the relevant Determination Date, (i) any Person that is a Restricted Subsidiary on the Determination Date (or would become a Restricted Subsidiary on such Determination Date in connection with the transaction that requires the determination of such Consolidated Cash Flow) shall be deemed to have been a Restricted Subsidiary at all times during the applicable Measurement Period; (ii) any Person that is not a Restricted Subsidiary on such Determination Date (or would cease to be a Restricted Subsidiary on such Determination Date in connection with the transaction that requires the determination of such Consolidated Cash Flow) shall be deemed not to have been a Restricted Subsidiary at any time during the applicable Measurement Period; (iii) if the Company or any Restricted Subsidiary shall have in any manner (x) acquired through an Asset Acquisition or (y) disposed of (including by way of an Asset Sale or the termination or discontinuance of activities constituting such operating business) any operating business during the applicable Measurement Period or after the end of such period and on or prior to such Determination Date, such calculation shall be made on a *pro forma* basis in accordance with GAAP, as if, in the case of an Asset Acquisition, all such transactions (including any related financing transactions) had been consummated on the first day of the applicable Measurement Period, and, in the case of an Asset Sale or termination or discontinuance of activities constituting such operating business, all such transactions (including any related financing transactions) had been consummated prior to the first day of the applicable Measurement Period; (iv) if (A) since the beginning of the applicable Measurement Period, the Company or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding or has repaid any Indebtedness, or (B) the transaction giving rise to the need to calculate the Debt to Cash Flow Ratio is an Incurrence or repayment of Indebtedness, Consolidated Interest Expense for such Measurement Period shall be calculated after giving effect on a *pro forma* basis to such Incurrence or repayment as if such Indebtedness was Incurred or repaid on the first day of such period, *provided* that, in the event of any such repayment of Indebtedness, Consolidated Cash Flow for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness; and (v) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the base interest rate in effect for such floating rate of interest on the Determination Date had been the applicable base interest rate for the entire Measurement Period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of twelve months). For purposes of this definition, any *pro forma* calculation shall be made in good faith by a responsible financial or accounting officer of the Company consistent with Article 11 of Regulation S-X of the 1933 Act, as such Regulation may be amended.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Deferred Management Fees*” means, for any period, any Management Fees that were payable during any prior period, the payment of which was not effected when due.

“*Derivative Instrument*” means, with respect to a Person, any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person’s investment in any Notes (other than a Regulated Bank or a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of such Notes and/or the creditworthiness of the Company and/or any one or more of the Subsidiary Guarantors (the “*Performance References*”).

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 or 2.10 hereof, in substantially the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03(b) hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provisions of this Indenture.

“*Designated Non-cash Consideration*” means the fair market value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officers’ Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

“*Designated Rating Organization*” has the meaning given to such term in National Instrument 81-102— Investment Funds.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, (i) Back-to-Back Preferred Shares shall not constitute Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the provisions of Section 4.10 hereof. The term “*Disqualified Stock*” shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is 91 days after the date on which the Notes mature.

“*Distribution Compliance Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means (1) a public or private sale of Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities) for cash however designated and whether voting or non-voting, other than (x) any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or employees or (y) an issuance to any Restricted Subsidiary, or (2) an equity contribution in cash by a direct or indirect parent entity of the Company to the common equity capital of the Company.

“*Exchange Act*” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including any successor legislation and rules and regulations.

“*Existing Indebtedness*” means Indebtedness of the Company and the Restricted Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on October 8, 2003, until such amounts are repaid.

“*Existing Notes*” means, collectively, the Company’s 5% Senior Notes due July 15, 2022, the Company’s 5¾% Senior Notes due June 15, 2024, the Company’s 5.625% Senior Notes due June 15, 2025, the Company’s 5.75% Senior Notes due January 15, 2026, the Company’s 5¼% Senior Notes due April 15, 2027 and the Company’s 4.50% Senior Notes due January 15, 2030.

“*fair market value*” or “*Fair Market Value*” means, with respect to any assets (including securities), the price that could be negotiated in an arm’s length transaction between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction; *provided* that, where such term is capitalized, if the Fair Market Value exceeds US\$100.0 million, the determination of Fair Market Value shall be made by the Board of Directors of the Company or an authorized committee thereof in good faith.

“*GAAP*” means generally accepted accounting principles, consistently applied, as in effect in Canada from time to time, and which, as of the date of this Indenture, is IFRS.

“*Global Note Legend*” means the legend set forth in Section 2.06(f) (ii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means the global Notes, registered in the name of the Depository or its nominee, in the form of Exhibit A hereto issued in accordance with Article 2 hereof.

“*Government Securities*” means direct obligations of, or obligations guaranteed by the Government of Canada (or any agency thereof provided the obligations of such agency are guaranteed by the Government of Canada) or any Province of Canada (or any agency thereof provided the obligations of such agency are guaranteed by such government), and which are not callable or redeemable at the issuer’s option.

“*guarantee*” means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person pursuant to any Interest Rate Agreement or Currency Exchange Protection Agreement.

“*Holder*” or “*Holder of Notes*” means a Person in whose name a Note is registered.

“*IFRS*” means the international financial reporting standards adopted by the International Accounting Standards Board to the extent applicable at that time to the relevant financial statements.

“*Incur*” means, with respect to any Indebtedness or other Obligation of any Person, to create, incur, issue, assume, guarantee or otherwise become indirectly or directly liable, contingently or otherwise, with respect of such Indebtedness or other Obligation.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) representing principal of and premium, if any, in respect of borrowed money;
- (2) representing principal of and premium, if any, evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of bankers’ acceptances;
- (4) representing Capital Lease Obligations of such Person and all Attributable Debt in respect of sale and leaseback transactions entered into by such Person;
- (5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;
- (6) representing the amount of all obligations of such Person with respect to the repayment of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Shares (in each case, valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends); or
- (7) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations, Attributable Debt, Disqualified Stock and Preferred Shares) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “*Indebtedness*” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the “maximum fixed repurchase price” of any Disqualified Stock or Preferred Share which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Share as if such Disqualified Stock or Preferred Share were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock or Preferred Share, such Fair Market Value, if above US\$100.0 million, shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock or Preferred Share. The term “*Indebtedness*” shall not include Back-to-Back Securities, Non-Recourse Equity Pledge Debt or Standard Securitization Undertakings.

The amount of any Indebtedness described above in clauses (1) through (7) and in the preceding paragraph outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and shall be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount, and
- (2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness;

provided, however, that if any Indebtedness denominated in a currency other than Canadian dollars is hedged or swapped through the maturity of such Indebtedness under a Currency Exchange Protection Agreement, the amount of such Indebtedness shall be adjusted to the extent of any positive or negative value (to the extent the Obligation under such Currency Exchange Protection Agreement is not otherwise included as Indebtedness of such Person) of such Currency Exchange Protection Agreement.

“*Indenture*” means this instrument, as originally executed or as it may from time to time be supplemented or amended in accordance with Article 9 hereof.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Note through a Participant.

“*Initial Notes*” means \$650.0 million aggregate principal amount of Notes issued in registered form under this Indenture on the date hereof.

“*Institutional Accredited Investor*” means an institution that is an “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the 1933 Act.

“*Interest Payment Dates*” shall have the meaning set forth in paragraph 1 of each Note.

“*Interest Rate Agreement*” means, for any Person, any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect against fluctuations in interest rates entered into with any commercial bank or other financial institution having capital and surplus in excess of US\$500.0 million.

“*Investment Grade Status*” means a rating of the Notes from any two of Moody’s, S&P and DBRS equal to or higher than “Baa3” (or the equivalent) in the case of Moody’s, “BBB-” (or the equivalent) in the case of S&P, and “BBB (low)” (or the equivalent) in the case of DBRS, or, in the event that two or more of the foregoing rating agencies cease to issue ratings in respect of the Notes for reasons outside the control of the Company, the equivalent of such ratings by any other Designated Rating Organizations selected by the Company or Quebecor Inc. to replace one or more of Moody’s, S&P and/or DBRS, as the case may be.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans or other extensions of credit (including guarantees, but excluding advances to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business), advances (excluding commission, travel and similar advances to officers and employees made consistent with past practices), capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP and include the designation of a Restricted Subsidiary as an Unrestricted Subsidiary. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 4.10(c) hereof. The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in Section 4.10(c) hereof.

“*Issue Date*” means January 22, 2021, the date of the initial issuance of the Notes under this Indenture.

“*Legal Holiday*” means a Saturday, a Sunday or a day on which banking institutions in Montréal and/or Toronto and/or in the city in which the Corporate Trust Office of the Trustee is located or any other place of payment on the Notes are authorized by law, regulation or executive order to remain closed.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, hypothecation, assignment for security or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or duly published under applicable law, including any conditional sale or capital lease or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of, or agreement to give, any hypothec or any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction. Solely for the purposes of determining whether a Lien exists for the purposes of this Indenture, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale or capital lease or other title retention agreement and any lease in the nature thereof (excluding, for the avoidance of doubt, operating leases) and such retention of title by another Person shall constitute a Lien. Notwithstanding the foregoing, any lease that would have been an operating lease (as determined in accordance with GAAP in effect on December 31, 2012) shall be deemed to not constitute a Lien.

“*Long Derivative Instrument*” means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

“*Management Fees*” means any amounts payable by the Company or any Restricted Subsidiary in respect of management or similar services.

“*Moody’s*” means, collectively, Moody’s Investors Service, Inc. and/or its licensors and affiliates or any successor to the rating agency business thereof.

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Shares dividends, excluding, however:

- (1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale (without regard to the US\$100.0 million limitation set forth in the definition thereof) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and
- (2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (a) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, (b) any relocation expenses Incurred as a result of the Asset Sale, (c) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (d) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets that were the subject of such Asset Sale, or required to be paid as a result of such sale, (e) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, and (f) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures of the Company or such Restricted Subsidiary as a result of such Asset Sale.

“*Net Short*” means, with respect to a Holder of Notes or a beneficial owner of Notes, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of the (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 International Swaps and Derivatives Association, Inc. Credit Derivatives Definitions) to have occurred with respect to the Company or any Subsidiary Guarantor immediately prior to such date of determination.

“*Non-Recourse Accounts Receivable Entity Indebtedness*” has the meaning ascribed thereto in the definition of “*Accounts Receivable Entity*”.

“*Non-Recourse Debt*” means Indebtedness:

- (1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise, except in each case for Customary Recourse Exceptions and Non-Recourse Equity Pledge Debt; and
- (2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit, upon notice, lapse of time or both, any holder of any other Indebtedness (other than the Notes) of the Company or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

“*Non-Recourse Equity Pledge Debt*” means a guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness owing to any lender(s) to a joint venture entity or Unrestricted Subsidiary of the Company; *provided* that recourse on such guarantee is limited to (a) a Lien on any intercompany Indebtedness owing by such joint venture entity or Unrestricted Subsidiary to the Company or such Restricted Subsidiary, as applicable, (b) a Lien on any Equity Interests in such joint venture entity or Unrestricted Subsidiary owned by the Company or such Restricted Subsidiary, as applicable, and/or (c) obligations relating to Customary Recourse Exceptions.

“*Notes*” means the Company’s 3.125% Senior Notes due January 15, 2031 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.

“*Performance References*” has the meaning ascribed thereto in the definition of “*Derivative Instrument*”.

“*Officer*” means the Chairman of the Board, the Chief Executive Officer, the President, the Principal Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Principal Financial Officer, the Principal Accounting Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice President of the Company.

“*Officers’ Certificate*” means a certificate signed by two Officers of the Company, at least one of whom shall be the principal executive officer, principal financial officer or the principal accounting officer of the Company, and delivered to the Trustee.

“*Opinion of Counsel*” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, an Affiliate of the Company or the Trustee.

“*Participant*” means a participant in the depositary service of CDS.

“*Permitted Business*” means the businesses conducted by the Company and its Restricted Subsidiaries on the Issue Date, and any business that is in the judgement of the Company reasonably related, ancillary or complementary to the business of the Company and its Restricted Subsidiaries on the Issue Date or a natural extension thereof.

“*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 the Issue Date and any Investment that is an extension, modification, renewal or reinvestment of such existing Investment, *provided*, that, the fair market value of the new Investment does not exceed the fair market value of the existing Investment at the time it is extended, modified, renewed or reinvested;
- (11) Investments in joint ventures engaged in a Permitted Business not to exceed US\$150.0 million; and
- (12) 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 (12) that are at that time outstanding not to exceed US\$200.0 million.

“*Permitted Liens*” means:

- (1) Liens on the assets of the Company and any Restricted Subsidiaries of the Company securing Indebtedness and other Obligations of the Company and any Restricted Subsidiaries of the Company under Credit Facilities, which Indebtedness was permitted by the terms of this Indenture to be Incurred; *provided, however*, that at the time of Incurrence and after giving effect to the Incurrence of such Indebtedness and the application of the proceeds therefrom on such date, the aggregate principal amount of Indebtedness secured by such Liens does not exceed the greater of (i) Cdn\$2.0 billion and (ii) an aggregate amount equal to 3.0 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 the Issue Date;
- (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 by the Company, a Subsidiary Guarantor or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Predecessor Note*” of any particular Note means every previous Note evidencing all or a portion of the same Indebtedness as that evidenced by such particular Note; and any Note authenticated and delivered under Section 2.07 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same Indebtedness as the lost, destroyed or stolen Note.

“*Preferred Shares*” means any Capital Stock of a Person, however designated, which entitles the holder thereof to a preference with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of any other class of Capital Stock issued by such Person.

“*Private Placement Legend*” means the legends, including the U.S. Legend and the Canadian Placement Legend, set forth in Section 2.06(f)(i) hereof to be placed on all Notes issued under this Indenture except as otherwise permitted by the provisions of this Indenture.

“*Purchase Money Note*” means a promissory note of an Accounts Receivable Entity to the Company or any of its Restricted Subsidiaries, which note must be repaid from cash available to the Accounts Receivable Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

“*QIB*” or “qualified institutional buyer” means a qualified institutional buyer within the meaning of Rule 144A.

“*QMI Subordinated Loan*” means the Indebtedness owed by the Company to Quebecor Media pursuant to the Subordinated Loan Agreement dated March 24, 2003 between the Company and Quebecor Media, as amended.

“*Qualified Receivables Transaction*” means any transaction or series of transactions entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or such Restricted Subsidiary transfers to an Accounts Receivable Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) or any other Person other than the Company or any of its Restricted Subsidiaries, or grants a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto, including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with an accounts receivable financing transaction; provided such transaction is on market terms at the time the Company or such Restricted Subsidiary enters into such transaction.

“*Quebecor Media*” means Quebecor Media Inc., the parent of the Company.

“*Rating Agency*” means (1) each of Moody’s, S&P and DBRS; or (2) in the event that two or more of the foregoing rating agencies cease to issue ratings in respect of the Notes, as applicable, for reasons outside the control of the Company, any other Designated Rating Organization selected by the Company to replace Moody’s, S&P and/or DBRS.

“*Ratings Decline Period*” means the period that (1) begins on the earlier of (a) the date of the first public announcement of the occurrence of a Change of Control and (b) the occurrence of a Change of Control and (2) ends 90 days following consummation of such Change of Control; *provided* that such period shall be extended for so long as the rating of the Notes, as noted by the applicable Rating Agency, is under publicly announced consideration for downgrade by the applicable Rating Agency.

“*Ratings Event*” means (1) a downgrade by one or more gradations (including gradations within ratings categories as well as between rating categories) or withdrawal of the rating of the Notes, as applicable, within the Ratings Decline Period by one or more Rating Agencies (unless the applicable Rating Agency shall have put forth a written statement to the effect that such downgrade is not attributable in whole or in part to the applicable Change of Control) and (2) the Notes, as applicable, do not have Investment Grade Status from any Rating Agency.

“*Regulated Bank*” means a commercial bank with a consolidated combined capital surplus of at least \$5,000,000,000 that is (i) a U.S. depository institution the deposits of which are insured by the Federal Deposit Insurance Corporation; (ii) a corporation organized under section 25A of the U.S. Federal Reserve Act of 1913; (iii) a branch, agency or commercial lending company of a foreign bank operating pursuant to approval by and under the supervision of the Board of Governors under 12 CFR part 211; (iv) a non-U.S. branch of a foreign bank managed and controlled by a U.S. branch referred to in clause (iii); (v) a Canadian Schedule I bank under the Bank Act (Canada), or (vi) any other U.S. or non-U.S. depository institution or any branch, agency or similar office thereof supervised by a bank regulatory authority in any jurisdiction.

“*Regular Record Date*” for the interest payable on any Interest Payment Date means the applicable date specified as a “Record Date” on the face of the Note.

“*Regulation S*” means Regulation S promulgated under the 1933 Act.

“*Related Party*” means:

- (1) any controlling shareholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Permitted Holder, or
- (2) any trust, corporation, partnership or other entity, the beneficiaries, shareholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Permitted Holder and/or such other Persons referred to in the immediately preceding clause (1).

“*Responsible Officer*” shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“*Restricted Definitive Notes*” means one or more Definitive Notes bearing the Private Placement Legend.

“*Restricted Global Notes*” means the Canadian Placement Global Notes and, if any, the 144A Global Notes.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Payment*” means:

- (1) the declaration or payment of any dividend or the making of any other payment or distribution on account of the Company’s or any Restricted Subsidiary’s Equity Interests, including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary, or to the direct or indirect holders of the Company’s or any Restricted Subsidiary’s Equity Interests in their capacity as such, other than dividends, payments or distributions payable in Equity Interests (other than Disqualified Stock or Back-to-Back Securities) of the Company or to the Company or a Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, to the other shareholders of such Restricted Subsidiary on a *pro rata* basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than it would receive on a *pro rata* basis);
- (2) the purchase, redemption or other acquisition or retirement for value, including, without limitation, in connection with any merger or consolidation involving the Company, of any Equity Interests of the Company, other than such Equity Interests of the Company held by the Company or any of its Restricted Subsidiaries;
- (3) the making of any payment on or with respect to, or the purchase, redemption, defeasance or other acquisition or retirement for value of any Back-to-Back Securities or Indebtedness that is subordinated to the Notes or the Subsidiary Guarantees, except, in the case of Indebtedness that is subordinated to the Notes or Subsidiary Guarantees (other than Back-to-Back Securities and the QMI Subordinated Loan), a payment of interest at, or within one year of, the Stated Maturity of such interest or principal at, or within one year of, the Stated Maturity of principal of such Indebtedness; *provided* that any accretion or payment-in-kind of interest on the QMI Subordinated Loan, to the extent such accretion or payment is not made in cash, will not be a Restricted Payment;
- (4) any Restricted Investment; or
- (5) the payment of any amount of Management Fees (including Deferred Management Fees) to a Person other than the Company or a Restricted Subsidiary.

“*Restricted Subsidiary*” means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

“*Rule 144*” means Rule 144 promulgated under the 1933 Act.

“*Rule 144A*” means Rule 144A promulgated under the 1933 Act.

“*Rule 903*” means Rule 903 promulgated under the 1933 Act.

“*Rule 904*” means Rule 904 promulgated under the 1933 Act.

“*S&P*” means, collectively, Standard & Poor’s Financial Services LLC and Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

“*sale and leaseback transaction*” means, with respect to any Person, any transaction involving any of the assets or properties of such Person whether now owned or hereafter acquired, whereby such Person sells or transfers such assets or properties and then or thereafter leases such assets or properties or any part thereof or any other assets or properties which such Person intends to use for substantially the same purpose or purposes as the assets or properties sold or transferred.

“*Screened Affiliate*” means any Affiliate of a Holder of Notes (i) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Company or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder of Notes or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in such Notes.

“*Short Derivative Instrument*” means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

“*Significant Subsidiary*” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the 1933 Act, as such Regulation was in effect on October 8, 2003.

“*Standard Securitization Undertakings*” means representations, warranties, covenants and indemnities entered into by the Company or any of its Restricted Subsidiaries, which are customary in an accounts receivable securitization transaction.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means any Indebtedness of the Company or any Subsidiary Guarantor (whether outstanding on October 8, 2003 or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or any Subsidiary Guarantee pursuant to a written agreement to that effect.

“*Subsidiary*” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

“*Subsidiary Guarantee*” means a guarantee on the terms set forth in this Indenture by a Subsidiary Guarantor of the Company’s obligations with respect to the Notes.

“*Subsidiary Guarantor*” means (1) each Restricted Subsidiary on the Issue Date other than SETTE inc. and (2) any other Person that becomes a Subsidiary Guarantor pursuant to the provisions of Section 4.19 hereof or who otherwise executes and delivers a supplemental indenture to the Trustee providing for a Subsidiary Guarantee, and in each case their respective successors and assigns until released from their obligations under their Subsidiary Guarantees and this Indenture in accordance with the terms hereof.

“*Tax*” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other liabilities related thereto).

“*Tax Benefit Transaction*” means, for so long as the Company is a direct or indirect Subsidiary of Quebecor Inc., any transaction between a Videotron Entity and Quebecor Inc. or any of its Affiliates, the primary purpose of which is to create tax benefits for any Videotron Entity or for Quebecor Inc. or any of its Affiliates; *provided, however*; that (1) the Videotron Entity involved in the transaction obtains a favorable tax ruling from a competent tax authority or a favorable tax opinion from a nationally recognized Canadian law or accounting firm having a tax practice of national standing as to the tax efficiency of the transaction for such Videotron Entity (except that such ruling or opinion shall not be required in respect of a transaction with substantially similar tax and transactional attributes as a previous Tax Benefit Transaction in respect of which such a tax ruling or opinion was obtained); (2) in respect of any such Tax Benefit Transaction in an amount exceeding Cdn\$50.0 million, such transaction has been approved by a majority of the disinterested members of such Board of Directors; (3) such transaction is set forth in writing; and (4) the Consolidated Cash Flow of the Company is not reduced after giving *pro forma* effect to the transaction as if the same had occurred at the beginning of the most recently ended full fiscal quarter of the Company for which internal financial statements are available; *provided, however*, that if such transaction shall thereafter cease to satisfy the preceding requirements as a Tax Benefit Transaction, it shall thereafter cease to be a Tax Benefit Transaction for purposes of this Indenture and shall be deemed to have been effected as of such date and, if the transaction is not otherwise permitted by this Indenture as of such date, the Company shall be in default under this Indenture if such transaction does not comply with the preceding requirements or is not otherwise unwound within 30 days of that date.

“*Trustee*” means the Person named as the “Trustee” in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean such successor Trustee.

“*Unrestricted Definitive Notes*” means one or more Definitive Notes that do not and are not required to bear the U.S. Legend.

“*Unrestricted Global Notes*” means one or more Global Notes that do not and are not required to bear the U.S. Legend and are deposited with and registered in the name of the Depository or its nominee.

“*Unrestricted Subsidiary*” means:

- (1) any Subsidiary of the Company that is designated after the Issue Date as an Unrestricted Subsidiary as permitted or required pursuant to the provisions of Section 4.17 hereof and is not thereafter redesignated as a Restricted Subsidiary as permitted pursuant thereto; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

“*U.S. Legend*” means the legend set forth in Section 2.06(f)(i)(A) hereof, to be placed on all Notes issued under this Indenture, except as otherwise permitted by the provisions of this Indenture.

“*Videotron Entity*” means any of the Company or any of its Restricted Subsidiaries.

“*Voting Stock*” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

“*Wholly Owned Restricted Subsidiary*” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person.

Section 1.02. **Other Definitions.**

Term	Defined in Section
“Acceleration Notice”	6.02
“Additional Amounts”	4.20(1)(iii)
“Affiliate Transaction”	4.14(a)
“Alternate Offer”	4.18(2)
“Asset Sale Offer”	4.12(d)
“Authentication Order”	2.02(d)
“Base Currency”	12.11(1)(i)
“Benefited Party”	10.01
“Change of Control Offer”	4.18(1)
“Change of Control Payment”	4.18(1)
“Covenant Defeasance”	8.03
“Event of Default”	6.01
“Excess Proceeds”	4.12(c)
“Excluded Holder”	4.20(2)
“First Currency”	12.12
“indenture legislation”	12.16(1)
“judgment currency”	12.11(1)(i)
“Legal Defeasance”	8.02
“losses”	7.06
“Offer Amount”	3.09(2)(ii)
“Offer Period”	3.09(3)
“Offer to Purchase”	3.09(1)
“Participants List”	2.01(d)
“Paying Agent”	2.03(a)
“Payment Default”	6.01(vi)(A)
“Permitted Debt”	4.09(2)
“Privacy Laws”	12.13
“Proxy Material”	13.07(2)
“Purchase Date”	3.09(3)
“rate(s) of exchange”	12.11(4)
“Registrar”	2.03(a)
“Required Number”	13.07(2)
“Security Register”	2.03(a)
“Surviving Company”	5.01(1)(i)
“Surviving Guarantor”	5.01(2)(i)
“Tax Act”	4.20(2)(iii)

Section 1.03. **Rules of Construction.**

Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined herein has the meaning assigned to it in accordance with GAAP;
- (iii) “or” is not exclusive;
- (iv) words in the singular include the plural, and in the plural include the singular;
- (v) all references in this instrument to “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed;
- (vi) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;
- (vii) “including” means “including without limitation”;
- (viii) provisions apply to successive events and transactions;
- (ix) references to any laws, acts, rules or regulations thereunder shall be deemed to include any substitute, replacement or successor laws, acts, rules or regulations; and
- (x) references to \$ and to Cdn\$ are to Canadian dollars and references to US\$ are to United States dollars.

Section 1.04. **Form of Documents Delivered to Trustee**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.05. **Acts of Holders of Notes**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Notes may be embodied in and evidenced by (i) one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing or (ii) a resolution duly adopted by the Holders of Notes at a meeting thereof duly called and held in accordance with the provisions of Article 13. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or resolution are delivered to the Trustee and, where it is hereby expressly required, to the Company. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Company if made in the manner provided in this Section. Proof of the due adoption of any such resolution by the appropriate percentage of Holders of Notes at a meeting thereof shall be sufficient for any purpose of this Indenture if such resolution forms part of and its due adoption by such appropriate percentage is evident from the record of such meeting prepared, signed and verified in the manner provided in Section 13.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary or other officer authorized by law to take acknowledgements of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority to so execute.

(c) The holding of Notes shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

Section 1.06. **Benefits of Indenture**

Nothing in this Indenture or in the Notes, express or implied, shall, except as may be required by any applicable law, give to any Person, other than the parties hereto and their successors hereunder and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture. In the case of Notes registered in Book-Entry Only Form, any reference in this Indenture to a “Holder” of a Note shall be construed as a reference to the Depository.

Section 1.07. **Trust Provisions**

Notwithstanding the references herein or in any Note to this Indenture as a “Trust Indenture” or to the Computershare Trust Company of Canada (or its successor hereunder, if any) as a “Trustee” or to it acting as Trustee, and except for any trust which may be created or constituted in Québec for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture (and only to the extent contemplated by such Sections), no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, for greater certainty and subject as hereinafter in this Section provided in the case of any trust created or constituted in Québec for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

Except as otherwise expressly provided or unless the context otherwise requires, references in this Indenture to “trust” or “in trust”, and other similar wording shall only refer to any trust that shall be created or constituted for the purposes of Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03 of this Indenture, as the case may be, which trust shall be created or constituted either under Québec law or under the law of any other appropriate jurisdiction and, if so created or constituted in another appropriate jurisdiction, shall be subject to the trust laws of such jurisdiction. Any such trust shall be automatically created by the mere fact of the transfer to or taking of possession by the Trustee of the property subject to and for the purposes of such trust and such provisions of the Civil Code shall automatically apply thereto unless such transfer and taking of possession occurs outside of Québec and it has previously been, or it is then, expressly agreed between the Company and the Trustee (acting in its sole discretion) that the trust laws in the jurisdiction where such transfer or taking of possession occurs shall apply or the laws of such jurisdiction make it mandatory that its trust laws apply to any trust created hereunder as a result of such transfer or taking of possession.

Section 1.08. **Accounting Changes**

For the purposes of this Indenture, any failure to comply with any covenant or agreement under this Indenture (other than the covenants described in Section 4.09(1) and Section 4.10) that results solely from a change in GAAP, shall, to the extent that the underlying transactions, items or Incurrences (including, without limitation, Liens and items of Indebtedness) (or portions thereof) cannot be reclassified in a manner that results in compliance with the relevant covenant or agreement, be permitted and shall, solely to the extent of the non-compliance, be deemed not to be a failure to comply with such covenant or agreement.

ARTICLE 2.

THE NOTES

Section 2.01. **Form and Dating**

(a) **General.** The Notes and the Trustee’s certificate of authentication shall be substantially in the form included in Exhibit A hereto, which is hereby incorporated in and expressly made part of this Indenture. The Notes may have notations, legends or endorsements required by law, exchange rule or usage in addition to those set forth on Exhibit A. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Notes shall constitute a part of this Indenture, and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. To the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) **Form of Notes.** Notes shall be issued initially in Book-Entry Only Form represented by one or more fully registered Global Notes and shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto) held by, or on behalf of, the Depositary (for its Participants) and registered on the Security Register maintained by the Trustee pursuant to Section 2.03 in the name of the Depositary or its nominee, and it is expressly acknowledged that any such registrations of ownership and transfers of such Global Note(s), or interests of Participants therein, will be made by the Depositary only through the Book-Entry System. Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note shall represent such aggregate principal amount of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and transfers of interests therein. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) **Book-Entry Provisions.** This Section 2.01(c) shall apply only to Global Notes deposited with the Trustee, as custodian for the Depository. 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 Depository or by the Trustee as custodian for the Depository, and the Depository shall be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Subject to this Section 2.01(c), the rights of Participants and Indirect Participants in any Global Note (including the right to receive a certificate or other instrument evidencing an ownership interest in such Global Note) shall be limited to those established by any agreement (including a Book-Entry Only Securities Services Agreement) between the Company and the Depository, by applicable law and by any agreements among the Depository and its Participants and among such Participants and the Indirect Participants, and must be exercised through a Participant in accordance with the Applicable Procedures. Accordingly, except as provided in Section 2.06, neither the Company nor the Trustee shall be under any obligation to deliver, nor shall any Participant or Indirect Participant or any owner of any beneficial interest in any Global Note have any right to require the delivery of, a Definitive Note or other instrument evidencing an interest in respect of such Note, and, for so long as no Definitive Note has been issued, the responsibility and liability of the Company in respect of notices or payments on the Notes will be limited to giving notice or making payment of any principal, redemption price, if any, and interest due on the Notes to the Depository or its nominee. Any notice required or permitted to be given to Holders while the Notes are represented by Global Notes held by, or on behalf of, the Depository or its nominee as part of the Book-Entry System, shall be provided to the Depository. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants or Indirect Participants, the Applicable Procedures or the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) **Dealings with the Depository.** The Company and the Trustee acknowledge that subject to and in accordance with Applicable Procedures, each Participant must look solely to the Depository through its paying agent service, for so long as the Depository is the registered holder of Global Notes, for its share of each payment made by the Trustee or the Company, as the case may be, to the registered holder of the Global Notes, and each Indirect Participant must look solely to Participants for its share of such payments. *Provided* that the Company (or the Paying Agent, as applicable) has made payments to the Depository in respect of the Global Notes as required by this Indenture and except as otherwise provided in Sections 8.06 or 11.03 of this Indenture, no person, including any Participant, shall have any claim against the Company in respect of payments due on such Global Notes and the obligations of the Company shall be discharged by payment to the Depository, in respect of each amount so paid.

The Company and the Trustee understand that, if so requested by the Trustee or the Company, the Depository will, within three Business Days of such request, deliver to such requesting party a certified list of Participants (the "*Participants List*") as at the date requested by such party showing the name and address of each Participant together with the aggregate principal amount of such Participant's interest in the Notes and that for so long as interests in the Notes are represented by the Global Notes, the Depository shall, upon the reasonable request of the Trustee or the Company from time to time, deliver to such requesting party a copy of the then current Participants List and such additional information as the Trustee or Company may reasonably request. The Company and the Trustee shall be entitled to rely upon all such information provided by the Depository to the Company and the Trustee.

The Company and the Trustee understand that the Depository acts as the agent and depository for the Participants and the Company and the Trustee further acknowledge and agree that neither the Company nor the Trustee shall have any liability or responsibility for: (i) any aspect of the records relating to the beneficial ownership of the Notes held by the Depository or the payments relating to such Notes, (ii) maintaining, supervising or reviewing any records relating to the beneficial ownership of Notes held by the Depository, or (iii) any advice or representation made by or with respect to the Depository and contained in this Indenture or any indenture supplemental to this Indenture with respect to the rules and regulations governing the Depository or any action to be taken by the Depository or at the direction of the Participants. In the event of any conflict between this Indenture and any such agreement between the Company and the Depository, the terms of any such agreement shall prevail.

Section 2.02. **Execution and Authentication**

- (a) One Officer shall execute the Notes on behalf of the Company by manual, facsimile or electronic 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 or electronic 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 of, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all funds held by it relating to the Notes to the Trustee. The Company at any time may require a Paying Agent to pay all funds held by it relating to the Notes to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for such funds. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all funds held by it as Paying Agent. Upon any Event of Default under Sections 6.01(ix) and (x) hereof relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

*Section 2.05. **Holder Lists.***

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date or such shorter time as the Trustee may allow, as the Trustee may reasonably require of the names and addresses of the Holders.

*Section 2.06. **Transfer and Exchange.***

(a) ***Transfer and Exchange of Global Notes.*** A Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. 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 Depository) and delivers a written notice to such effect to the Trustee, (4) the Company or the Depository advises the Trustee that the Depository is no longer willing, able or qualified to properly discharge its responsibilities as depository 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 Depository 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 Depository, or (6) the Depository 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 Depository, 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 Depository shall instruct the Trustee in writing. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Except as provided above, every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), and beneficial interests in a Global Note may not be transferred and exchanged other than as provided in Section 2.06(b) or (c) hereof.

(b) **Transfer and Exchange of Beneficial Interests in the Global Notes.** The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary in accordance with the provisions of this Indenture and the Applicable Procedures. It is expressly acknowledged that transfers of beneficial ownership in any Note represented by a Global Note will be effected only (i) with respect to the interest of Participants, through records maintained by the Depositary or its nominee for the Global Notes, and (ii) with respect to interests of persons other than Participants, through records maintained by Participants. Indirect Participants who desire to purchase, sell or otherwise transfer ownership of or other interest in Notes represented by a Global Note may do so only through a Participant. Beneficial interests in Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the 1933 Act and Applicable Securities Legislation. Transfers of beneficial interests in Global Notes also shall require compliance with either clause (i) or (ii) below, as applicable, as well as one or more of the other following clauses, as applicable:

- (i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend and any Applicable Procedures; *provided, however*, that prior to the expiration of the Distribution Compliance Period, transfers of beneficial interests in the Canadian Placement Global Note may not be made to or for the account or benefit of a “U.S. Person” (as defined in Rule 902(k) of Regulation S) (other than a “distributor” (as defined in Rule 902(d) of Regulation S)). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, subject, however, to such transfer being in accordance with the transfer restrictions set forth in the Canadian Placement Legend and any Applicable Procedures. Except as may be required by any Applicable Procedures, no written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).
- (ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests other than those that are subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A)(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) if permitted under Section 2.06(a) hereof, (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (B)(1) above. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the 1933 Act and/or Applicable Securities Legislation, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.
- (iii) Transfer of Beneficial Interests in a Restricted Global Note to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:
 - (A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and
 - (B) if the transferee will take delivery in the form of a beneficial interest in a Canadian Placement Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; *provided, however*, that prior to the expiration of the Distribution Compliance Period, transfers of beneficial interests in the Canadian Placement Global Note may not be made to or for the account or benefit of a “U.S. Person” (as defined in Rule 902(k) of Regulation S) (other than a “distributor” (as defined in Rule 902(d) of Regulation S)).

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

- (1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or
- (2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Company or the Registrar so requests or if the Applicable Procedures so require, such certifications and/or an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

If any such transfer is effected at a time when an Unrestricted Global Note has not been issued, the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(iv).

(c) ***Transfer or Exchange of Beneficial Interests for Definitive Notes.***

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. Subject to Section 2.06(a) hereof, if any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

- (A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;
- (B) if such beneficial interest is being transferred in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of applicable Canadian provincial securities laws and to a non-U.S. Person (within the meaning of Rule 902(k) of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

- (C) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;
- (D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the 1933 Act in accordance with Rule 144 under the 1933 Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the 1933 Act other than those listed in clauses (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, as applicable; or
- (F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof,

the Trustee shall reduce or cause to be reduced in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the applicable Restricted Global Note, and the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver a Restricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such beneficial interest in instructions delivered to the Registrar by the Depository and the applicable Participant or Indirect Participant on behalf of such holder, *provided, however*, that no beneficial interest in a Canadian Placement Global Note shall be exchanged for or transferred to a Person who takes delivery thereof in the form of a Restricted Definitive Note prior to the expiration of the Distribution Compliance Period. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall designate in such instructions. The Trustee shall deliver such Restricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

- (ii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. Subject to Section 2.06(a) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:
 - (1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or
 - (2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act, *provided, however*, that no beneficial interest in a Canadian Placement Global Note shall be exchanged for or transferred to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note prior to the expiration of the Distribution Compliance Period.

Upon satisfaction of the conditions of any of the clauses of this Section 2.06(c)(ii) the Company shall execute, and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver an Unrestricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such beneficial interest in instructions delivered to the Registrar by the Depository 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 Depository and the applicable Participant or Indirect Participant on behalf of such holder. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall designate in such instructions. The Trustee shall deliver such Unrestricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the U.S. Legend.

(d) ***Transfer and Exchange of Definitive Notes for Beneficial Interests.***

- (i) **Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.** If any holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:
- (A) if the holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;
 - (B) if such Restricted Definitive Note is being transferred in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of Applicable Securities Legislation and to a non-U.S. Person (within the meaning of Rule 902(k) of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or
 - (C) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, a Canadian Placement Global Note, and in the case of clause (C) above, a 144A Global Note.

- (ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:
- (1) if the holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or
 - (2) if the holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and applicable Canadian provincial securities laws, if applicable, and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

Upon satisfaction of the conditions of any of the clauses in this Section 2.06(d)(ii), the Trustee shall cancel such Restricted Definitive Note and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of the Unrestricted Global Note.

- (iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased in a corresponding amount pursuant to Section 2.06(g) hereof the aggregate principal amount of one of the Unrestricted Global Notes.
- (iv) Issuance of Unrestricted Global Notes. If any such exchange or transfer of a Definitive Note for a beneficial interest in an Unrestricted Global Note is to be effected pursuant to clause (ii) or (iii) above at a time when an Unrestricted Global Note has not been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a holder of Definitive Notes and such holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such holder. In addition, the requesting holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

- (i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:
 - (A) if the transfer will be made in a transaction exempt from (or not subject to) the prospectus qualification and dealer registration requirements of Applicable Securities Legislation and will be made pursuant to Rule 903 or Rule 904, a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof;
 - (B) if the transfer will be made pursuant to Rule 144A, a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and
 - (C) if the transfer will be made pursuant to any other exemption from the registration requirements of the 1933 Act, a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.
- (ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the holder and registered in the names of the persons who take delivery thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:
 - (1) if the holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or
 - (2) if the holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or the Company so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar and the Company to the effect that such exchange or transfer shall be effected in compliance with the 1933 Act and Applicable Securities Legislation, and that the restrictions on transfer contained herein and in the U.S. Legend shall no longer be required in order to maintain compliance with the 1933 Act.

Upon satisfaction of the conditions of any of the clauses of Section 2.06(e)(ii) the Trustee shall cancel the prior Restricted Definitive Note and the Company shall execute, and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver an Unrestricted Definitive Note in the appropriate principal amount to the Person designated by the holder of such prior Restricted Definitive Note in instructions delivered to the Registrar by such holder.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holders thereof.

(f) **Legends**. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legends.

(A) Except as permitted by clause (C) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form (the “*U.S. Legend*”):

“THIS NOTE AND THE GUARANTEES HEREOF (TOGETHER, THIS “SECURITY”) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN AGREES FOR THE BENEFIT OF VIDEOTRON LTD. (“VIDEOTRON”) NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH VIDEOTRON OR ANY AFFILIATE OF VIDEOTRON WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), EXCEPT (A) TO VIDEOTRON OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATIONS UNDER THE SECURITIES ACT, (D) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT AND IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000 PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION OF THE NOTES IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND, IN EACH CASE SUBJECT TO APPLICABLE STATE OR NON-U.S. LAW AND SUBJECT TO VIDEOTRON’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C), (D) OR (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.”

- (B) Each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form (the “*Canadian Placement Legend*”):

“*CANADIAN RESALES LEGEND*:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) JANUARY 22, 2021, AND (II) THE DATE THAT VIDEOTRON LTD. BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

- (C) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to clauses (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), or (e)(iii) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the U.S. Legend.
- (ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form, subject to such modification as required by the Depository:

“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. 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 Depository 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 Depository 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 10 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the date of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date (including a Regular Record Date) and the next succeeding Interest Payment Date.
- (iv) All transfers of any Notes shall be presented to, and registered by, the Registrar, and prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes, in each case regardless of any notice to the contrary.
- (v) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.
- (vi) The Trustee is hereby authorized and directed to enter into a letter of representation with the Depository in the form provided by the Company and to act in accordance with such letter.
- (vii) The registered Holder of a Note shall be treated as the owner of it for all purposes. Notwithstanding the foregoing, it is understood that amounts withheld from the registered Holder and the determination of obligations hereunder to pay Additional Amounts, if any, on the Notes shall in each case be determined with respect to the ultimate beneficial holder and not the registered Holder.
- (viii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among depository participants or beneficial owners of interests in any Global Notes) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

Section 2.07. **Replacement Notes.**

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, shall authenticate a replacement Note. The Holder of such Note shall provide indemnity sufficient, in the judgment of the Trustee or the Company, as applicable, to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer in connection with such replacement. If required by the Company, such Holder shall reimburse the Company for its reasonable expenses in connection with such replacement.

Every replacement Note issued in accordance with this Section 2.07 shall be the valid obligation of the Company evidencing the same Indebtedness as the destroyed, lost or stolen Note and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08. **Outstanding Notes.**

- (1) The Notes outstanding at any time shall be the entire principal amount of Notes represented by all the Global Notes and Definitive Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those subject to reductions in beneficial interests effected by the Trustee in accordance with Section 2.06 hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note shall not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; *provided, however,* that Notes held by the Company or a Subsidiary of the Company shall be deemed not to be outstanding for purposes of Section 3.07(3) hereof.
- (2) If a Note is replaced pursuant to Section 2.07 hereof, it shall cease to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.
- (3) If the principal amount of any Note is considered paid under Section 4.01 hereof, it shall cease to be outstanding and interest on it shall cease to accrue.
- (4) If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date, a Purchase Date or maturity date, funds sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09. **Treasury Notes.**

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Affiliate of the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes as to which a Responsible Officer of the Trustee has received an Officers' Certificate stating that such Notes are so owned shall be so disregarded.

Section 2.10. **Temporary Notes.**

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Global Notes or Definitive Notes in exchange for temporary Notes, as applicable.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.11. **Cancellation.**

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. Upon sole direction of the Company, the Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Notes (subject to the record retention requirements of applicable laws). Certification of the destruction of all cancelled Notes shall be delivered to the Company from time to time upon request. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12. **Defaulted Interest.**

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13. **CUSIP or ISIN Numbers.**

The Company in issuing the Notes may use “CUSIP” or “ISIN” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” or “ISIN” numbers in notices of redemption as a convenience to Holders; *provided, however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or notice of an Offer to Purchase and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or Offer to Purchase shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the “CUSIP” or “ISIN” numbers.

Section 2.14. **Issuance of Additional Notes.**

The Company shall be entitled, subject to its compliance with Section 4.09 hereof, to issue Additional Notes under this Indenture which shall have identical terms as the Initial Notes issued on the date hereof, other than with respect to the date of issuance, and issue price. The Initial Notes issued on the date hereof, and any Additional Notes shall be treated as a single class for all purposes under this Indenture, including without limitation, directions, waivers, consents, redemptions and Offers to Purchase.

With respect to any Additional Notes, the Company shall set forth in a Board Resolution and an Officers’ Certificate, a copy of each of which shall be delivered to the Trustee, the following information:

- (1) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;
- (2) the issue price, the issue date and the CUSIP and/or ISIN number of such Additional Notes *provided, however*, that no Additional Notes may be issued at a price that would cause such Additional Notes to have “original issue discount” within the meaning of Section 1273 of the Code; and
- (3) whether such Additional Notes shall be subject to the restrictions on transfer set forth in Section 2.06 hereof relating to Restricted Global Notes and Restricted Definitive Notes.

ARTICLE 3.

REDEMPTION AND PREPAYMENT

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 10 days (or such shorter period as allowed by the Trustee) but not more than 60 days before a redemption date (or such shorter period as allowed by the Trustee), an Officers' Certificate setting forth (i) the applicable section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02. Selection of Notes to be Redeemed.

If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a *pro rata* basis, by lot in accordance with the applicable procedures of CDS or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 10 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$1,000 or integral multiples of \$1,000 in excess thereof, except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not an integral multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03. Notice of Redemption.

Notices of redemption shall be sent, at least 10 days but not more than 60 days before the redemption date, to each Holder whose Notes are to be redeemed at such Holder's address appearing in the Security Register maintained in respect of the Notes by the Registrar (with a copy to the Trustee), or otherwise delivered in accordance with the procedures of the Depositary, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture.

The notice shall identify the Notes (including CUSIP numbers) to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price or if the redemption is made pursuant to Section 3.07(2) hereof a calculation of the redemption price;
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;
- (4) if such redemption is subject to the satisfaction of one or more conditions precedent, a description of each such condition, and if applicable, a statement that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed. If any such condition precedent has not been satisfied (or waived by the Company), the Company shall provide written notice to the Trustee and the Holders no later than the close of business on the Business Day prior to the applicable redemption date (or such other date as may be required pursuant to the applicable procedures of CDS). Upon receipt of such notice, the notice of redemption shall be rescinded or delayed, and the redemption of the Notes shall be rescinded or delayed, in each case as provided in such notice;

- (5) the name and address of the Paying Agent;
- (6) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (7) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (8) the applicable section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (9) that no representation is made as to the correctness of the CUSIP or ISIN numbers, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company shall have delivered to the Trustee, at least 10 days (or such shorter period allowed by the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice (in the name and at the expense of the Company) and setting forth the information to be stated in such notice as provided in this Section 3.03.

Notwithstanding any other provision of this Indenture, where this Indenture or any Note provides for notice or communication of any event (including any notice of redemption) to a Holder of a Global Note (whether by mail or otherwise), any such notice or communication permitted or required to be sent to a Holder of a Global Note may be sent in accordance with the applicable procedures of CDS (or other applicable depository) and shall be sufficiently given if so sent within the time prescribed.

*Section 3.04. **Effect of Notice of Redemption; Conditions.***

Once a notice of redemption is sent in accordance with Section 3.03 hereof, Notes called for redemption shall, subject to the satisfaction or waiver of the conditions to such redemption, if any, become irrevocably due and payable on the redemption date at the redemption price.

Any redemption of the Notes may, at the Company's discretion, be subject to one or more conditions precedent, including completion of an Equity Offering, incurrence of Indebtedness, Change of Control or corporate transaction. If such redemption is subject to the satisfaction of one or more conditions precedent, then in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed. If any such condition precedent has not been satisfied (or waived by the Company), the Company shall provide written notice to the Trustee and the Holders no later than the close of business on the Business Day prior to the applicable redemption date (or such other date as may be required pursuant to the applicable procedures of CDS). Upon receipt of such notice, the notice of redemption shall be rescinded or delayed, and the redemption of the Notes shall be rescinded or delayed, in each case as provided in such notice.

*Section 3.05. **Deposit of Redemption Price.***

On or prior to 11:00 a.m. Eastern time on the Business Day prior to any redemption date (or on or prior to 10:00 a.m. Eastern time on such redemption date itself, if so allowed by the Trustee), the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption in accordance with Section 2.08(4) hereof. If a Note is redeemed on or after a Regular Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such Regular Record Date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06. Notes Redeemed in Part

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption

- (1) Except as set forth in clauses (2) to (4) of this Section 3.07, the Notes shall not be redeemable at the option of the Company prior to January 15, 2026. Beginning on January 15, 2026, the Company may redeem all or a part of the Notes, at once or over time, in accordance with Section 3.03 hereof, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to (but excluding) the applicable redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date), if redeemed during the twelve-month period commencing on January 15 of the years indicated below:

Redemption Year	Percentage
2026	101.563%
2027	101.042%
2028	100.521%
2029 and thereafter	100.000%

- (2) At any time prior to January 15, 2026, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under this Indenture, in accordance with Section 3.03 hereof, at a redemption price (expressed as a percentage of principal amount) equal to 103.125% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date) with the net cash proceeds of one or more Equity Offerings; *provided, however*, that (i) at least 60% of the aggregate principal amount of the Notes issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remain outstanding immediately following such redemption and (ii) any such redemption occurs within 90 days of the date of the closing of any such Equity Offering.
- (3) If the Company becomes obligated to pay any Additional Amounts because of a change in the laws or regulations of Canada or any Canadian Taxing Authority, or a change in any official position regarding the application or interpretation thereof, in either case that is publicly announced or becomes effective on or after the Issue Date, the Company may, at any time, redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but excluding) the redemption date, *provided* that any Holder of the Notes may, to the extent that it does not adversely affect the Company's after-tax position, at its option, waive the Company's compliance with the provisions of Section 4.20 hereof with respect to such Holder's Notes; *provided, further*, that if any Holder waives such compliance, the Company may not redeem that Holder's Notes pursuant to this Section 3.07(3).

- (4) Prior to January 15, 2026, the Company may redeem the Notes, in whole or in part, in accordance with Section 3.03 hereof, at a redemption price equal to the greater of (a) the Canada Yield Price and (b) 100% of the aggregate principal amount of Notes to be redeemed, plus, in each case, accrued and unpaid interest thereon to (but excluding) the redemption date.
- (5) Any prepayment pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.
- (6) The Company shall be responsible for making all calculations called for under this Indenture and the Notes. The Company will make all such calculations in good faith and, absent manifest error, its calculations will be final and binding on Holders. The Company will provide a schedule of its calculations to the Trustee when applicable, and the Trustee is entitled to rely conclusively upon the accuracy of such calculations without independent verification. The Trustee will deliver a copy of any such schedule to any Holder upon the written request of such Holder.

*Section 3.08. **Mandatory Redemption; Open Market Purchases.***

Except as set forth in Sections 4.12 and 4.18 hereof, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to, or offers to purchase, the Notes. The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, without restriction under this Indenture.

*Section 3.09. **Offers to Purchase.***

- (1) In the event that, pursuant to Section 4.12 or 4.18 hereof, the Company shall be required to commence an Asset Sale Offer or Change of Control Offer (each, an “*Offer to Purchase*”), it shall follow the procedures specified below.
- (2) The Company shall commence the Offer to Purchase by sending, with a copy to the Trustee, to each Holder, at such Holder’s address appearing in the Security Register, or pursuant to the applicable procedures of the Depository, a notice, the terms of which shall govern the Offer to Purchase, stating:
 - (i) that the Offer to Purchase is being made pursuant to this Section 3.09 and Section 4.12 or 4.18, as the case may be, and, in the case of a Change of Control Offer, that a Change of Control Triggering Event has occurred, the transaction or transactions that constitute the Change of Control Triggering Event, and that a Change of Control Offer is being made pursuant to Section 4.18 hereof;
 - (ii) the principal amount of Notes required to be purchased pursuant to Section 4.12 or 4.18 hereof (the “*Offer Amount*”), the purchase price, the Offer Period and the Purchase Date (each as defined below);
 - (iii) except as provided in clause (ix), that all Notes timely tendered and not withdrawn shall be accepted for payment;
 - (iv) that any Note not tendered or accepted for payment shall continue to accrue interest;

- (v) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on or after the Purchase Date;
 - (vi) that Holders electing to have a Note purchased pursuant to the Offer to Purchase may elect to have Notes purchased in integral multiples of \$1,000 only;
 - (vii) that Holders electing to have a Note purchased pursuant to the Offer to Purchase shall be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a Depository, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;
 - (viii) that Holders shall be entitled to withdraw their election if the Company, the Depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note (or portions thereof) the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;
 - (ix) that, in the case of an Asset Sale Offer, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof shall be purchased);
 - (x) that Holders whose Notes were purchased in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer); and
 - (xi) any other procedures that Holders must follow in order to tender their Notes (or portions thereof) for payment.
- (3) The Offer to Purchase shall remain open for a period of at least 10 days but no more than 60 days following the date of the notice of the Offer to Purchase, except to the extent that a longer period is required by applicable law (the “*Offer Period*”). No later than five Business Days after the termination of the Offer Period (the “*Purchase Date*”), the Company shall purchase the Offer Amount or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Offer to Purchase. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.
- (4) On or prior to the Purchase Date, the Company shall, to the extent lawful:
- (i) accept for payment (on a *pro rata* basis to the extent necessary in connection with an Asset Sale Offer) the Offer Amount of Notes or portions of Notes properly tendered pursuant to the Offer to Purchase, or if less than the Offer Amount has been tendered, all Notes tendered;
 - (ii) deposit with the Paying Agent an amount equal to the Offer Amount in respect of all Notes or portions of Notes properly tendered; and
 - (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers’ Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company and that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09.

- (5) The Company, the 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 January 22, 2021 to July 15, 2021), interest will be calculated on the basis of the actual number of days elapsed from January 22, 2021 to (but excluding) July 15, 2021 divided by 365. In the case of any other interest period that is shorter than a full semi-annual interest period due to redemption, interest will be calculated on the basis of a 365-day year and the actual number of days elapsed from (and including) the date of the previous interest payment to (but excluding) the interest payment date for such interest period.

For the purposes of the *Interest Act* (Canada), whenever interest is computed on a basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 4.02. **Maintenance of Office or Agency.**

- (1) The Company shall maintain an office or agency (which may be an office or drop facility of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be presented or surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of any change in the location of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.
- (2) The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.
- (3) The Company hereby designates the Corporate Trust Office of the Trustee, as such office, drop facility or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03. **Reports.**

- (1) For so long as the Company is required, pursuant to any of the respective indentures governing any outstanding series of the Existing Notes, to submit reports to the Commission, the Company shall (for so long as any Notes remain outstanding) file (or furnish, as the case may be) with the Commission and furnish to the Holders of the Notes and the Trustee:
 - (i) within 120 days after the end of each fiscal year of the Company, annual reports on the Commission’s Form 20-F or Form 40-F, as applicable, or any successor form; and
 - (ii) (a) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, reports on the Commission’s Form 10-Q, or any successor form, or (b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, reports on the Commission’s Form 6-K, or any successor form,

which, in each case, regardless of applicable requirements, shall, at a minimum, contain unaudited interim financial statements and a “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Each such report shall be deemed to be delivered to the Holders of the Notes and the Trustee if the Company either files (or furnishes, as the case may be) such report with the Commission through the Commission’s EDGAR database (or successor database thereto), posts such report on its public website or furnishes such report to the Trustee. The Trustee shall have no responsibility whatsoever to determine if any reports have been posted to EDGAR or on the Company’s public website.

- (2) If the Company is no longer required under any of the respective indentures governing any outstanding series of the Existing Notes, applicable law or otherwise to file or furnish such reports with the Commission and no longer does so, the Company shall instead furnish to the Holders of the Notes and the Trustee:
- (i) within 120 days after the end of each fiscal year, annual audited financial statements; and
 - (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, unaudited interim financial statements;
- in each case together with a “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.
- Each such report which shall be deemed to be delivered to the Holders of the Notes and the Trustee if the Company furnishes such reports to the Trustee or posts them on its public website.
- (3) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by this Section shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.
- (4) Delivery of any reports, information and documents under this Section 4.03, as well as any such reports, information and documents pursuant to this Indenture, to the Trustee is for informational purposes only and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company’s compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers’ Certificates). The Trustee shall have no responsibility or liability for the filing, timeliness or content of any report required under this Section 4.03 or any other reports, information and documents required under this Indenture (aside from any report that is expressly the responsibility of the Trustee subject to the terms hereof).

Section 4.04. **Compliance Certificate.**

- (1) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, beginning with the fiscal year ending December 31, 2020, an Officers’ Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company and its Subsidiaries have kept, observed, performed and fulfilled their obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company and its Subsidiaries have kept, observed, performed and fulfilled each and every covenant contained in this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, premium, if any, or interest on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.
- (2) The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers’ Certificate of any Default or Event of Default, its status and what action the Company is taking or proposes to take with respect thereto.

Section 4.05. **Taxes.**

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies, except such as are being contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

Section 4.06. **Stay, Extension and Usury Laws.**

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. **Corporate Existence**

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each Restricted Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and the Restricted Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Restricted Subsidiary, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and the Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes, or that such preservation is not necessary in connection with any transaction not prohibited by this Indenture.

Section 4.08. **Payments for Consent**

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, pay or cause to be paid any consideration, to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.09. **Incurrence of Indebtedness and Issuance of Preferred Shares**

- (1) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, Incur, directly or indirectly, any Indebtedness, including Acquired Debt, and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any Preferred Shares; *provided, however*; that the Company may Incur Indebtedness, including Acquired Debt, or issue Disqualified Stock, and the Subsidiary Guarantors may Incur Indebtedness, including Acquired Debt, or issue Preferred Shares if the Company's Debt to Cash Flow Ratio at the time of Incurrence of such Indebtedness or the issuance of such Disqualified Stock or Preferred Shares, after giving *pro forma* effect to such Incurrence or issuance as of such date and to the use of proceeds therefrom, taking into account any substantially concurrent transactions related to such Incurrence, as if the same had occurred at the beginning of the most recently ended full fiscal quarter of the Company for which internal financial statements are available, would have been no greater than 5.5 to 1.0.
- (2) Paragraph (1) of this Section 4.09 shall not prohibit the Incurrence of any of the following items of Indebtedness or issuances of Preferred Shares or Disqualified Stock (each such item being referred to herein as "*Permitted Debt*"):

- (i) the Incurrence by the Company or a Subsidiary Guarantor of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and the Restricted Subsidiaries thereunder) not to exceed an aggregate of Cdn\$2.0 billion, less the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiaries subsequent to October 8, 2003 to permanently repay Indebtedness under a Credit Facility (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to the provisions of Section 4.12 hereof;
- (ii) the Incurrence by the Company and the Restricted Subsidiaries of the Existing Indebtedness;
- (iii) the Incurrence by (a) the Company of Indebtedness represented by the Initial Notes, and (b) the Subsidiary Guarantors of Indebtedness represented by the Subsidiary Guarantees relating to the Initial Notes;
- (iv) the Incurrence by the Company or a Subsidiary Guarantor of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Subsidiary Guarantor, in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (iv), not to exceed the greater of (i) US\$500.0 million and (ii) 7.5% of the Company's Consolidated Net Tangible Assets at any time outstanding;
- (v) the Incurrence by the Company or any Subsidiary Guarantor of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness, other than intercompany Indebtedness, that was permitted by this Indenture to be Incurred under paragraph (1) or clauses (2)(ii), (2)(iii) or (2)(iv) of this Section 4.09;
- (vi) the Incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company and any Restricted Subsidiary; *provided, however*, that:
 - (A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Subsidiary Guarantee, in the case of a Subsidiary Guarantor, and
 - (B) (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (b) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);
- (vii) the issuance by the Company of Disqualified Stock or by any Restricted Subsidiary of Preferred Shares solely to or among the Company and any Restricted Subsidiaries; *provided, however*, that (a) any subsequent issuance or transfer of Equity Interests that results in any such Disqualified Stock or Preferred Shares being held by a Person other than the Company or a Restricted Subsidiary and (b) any sale or other transfer of any such Disqualified Stock or Preferred Shares to a Person that is not either the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an issuance of such Disqualified Stock by the Company or Preferred Shares by a Restricted Subsidiary, as the case may be, that was not permitted by this clause (vii);

- (viii) the Incurrence by the Company or any Restricted Subsidiary of Hedging Obligations that are Incurred in the ordinary course of business of the Company or such Restricted Subsidiary and not for speculative purposes; *provided, however*, that, in the case of:
 - (A) any Interest Rate Agreement, the notional principal amount of such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates; and
 - (B) any Currency Exchange Protection Agreement, such Hedging Obligation does not increase the principal amount of Indebtedness of the Company or such Restricted Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;
- (ix) the guarantee by the Company or a Subsidiary Guarantor of Indebtedness of the Company or a Subsidiary Guarantor that was permitted to be Incurred by another provision of this Section 4.09;
- (x) the Incurrence by the Company or any Subsidiary Guarantor of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (x), not to exceed the greater of (i) US\$150.0 million and (ii) 5.0% of the Company's Consolidated Net Tangible Assets;
- (xi) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to refund, refinance or replace any Indebtedness Incurred pursuant to this clause (xi), not to exceed US\$150.0 million, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiary subsequent to the Issue Date to permanently repay such Indebtedness (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to the provisions of Section 4.12 hereof;
- (xii) the issuance of Preferred Shares by the Company's Unrestricted Subsidiaries or the Incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt; *provided, however*, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, that event shall be deemed to constitute an Incurrence of Indebtedness by a Restricted Subsidiary that was not permitted by this clause (xii);
- (xiii) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements of the Company or any Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn out obligations or other similar obligations, in each case Incurred or assumed in connection with a transaction permitted by this Indenture;
- (xiv) the issuance of Indebtedness or Preferred Shares or Disqualified Stock in connection with a Tax Benefit Transaction; and
- (xv) Non-Recourse Accounts Receivable Entity Indebtedness Incurred by any Accounts Receivable Entity in a Qualified Receivables Transaction.

- (3) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock or Preferred Shares in the form of additional shares of the same class of Disqualified Stock or Preferred Shares (to the extent provided for when the Indebtedness, Disqualified Stock or Preferred Shares on which such interest or dividend is paid was originally issued) shall not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock or Preferred Shares for purposes of this Section 4.09; *provided* that in each case the amount thereof is for all other purposes included in the Consolidated Interest Expense and Indebtedness of the Company or its Restricted Subsidiary as accrued.
- (4) Neither the Company nor any Subsidiary Guarantor shall Incur any Indebtedness, including Permitted Debt, that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as applicable, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Subsidiary 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;
- (2) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable fiscal quarter, have been permitted to Incur at least US\$1.00 of additional Indebtedness, other than Permitted Debt, pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by the Company and its Restricted Subsidiaries after October 8, 2003, excluding Restricted Payments made pursuant to clauses (2), (3), (4), (6), (7), (8), (9) and (10) of paragraph (b) below, shall not exceed, at the date of determination, the sum, without duplication, of:
 - (i) an amount equal to the Company's Consolidated Cash Flow from October 1, 2003 to the end of the Company's most recently ended full fiscal quarter for which internal financial statements are available, taken as a single accounting period, less 1.5 times the Company's Consolidated Interest Expense from the October 1, 2003 to the end of the Company's most recently ended full fiscal quarter for which internal financial statements are available, taken as a single accounting period (or, if such amount for such period is a deficit, minus 100% of such deficit); plus

- (ii) an amount equal to 100% of Capital Stock Sale Proceeds, less any such Capital Stock Sale Proceeds used in connection with:
 - (A) an Investment made pursuant to clause (6) of the definition of “Permitted Investments;” or
 - (B) an Incurrence of Indebtedness pursuant to Section 4.09(2)(viii) hereof; plus
 - (iii) to the extent that any Restricted Investment that was made after October 8, 2003 is sold for cash or otherwise liquidated or repaid for cash (except to the extent any such payment or proceeds are included in the calculation of Consolidated Cash Flow), the lesser of (i) the cash return of capital with respect to such Restricted Investment, less the cost of disposition, if any, and (ii) the initial amount of such Restricted Investment; plus
 - (iv) to the extent that the Board of Directors of the Company designates any Unrestricted Subsidiary that was designated as such after October 8, 2003 as a Restricted Subsidiary, the lesser of (i) the aggregate Fair Market Value of all Investments owned by the Company and the Restricted Subsidiaries in such Subsidiary at the time such Subsidiary was designated as an Unrestricted Subsidiary and (ii) the then aggregate Fair Market Value of all Investments owned by the Company and the Restricted Subsidiaries in such Unrestricted Subsidiary; plus
 - (v) 100% of the net reduction in any guarantee constituting a Restricted Investment that was made after September 15, 2015 (except to the extent that such reduction results from any payment made by the Company or any Restricted Subsidiary pursuant to such guarantee), in each case not to exceed the original aggregate amount of such Restricted Investment.
- (b) The provisions of paragraph (a) above shall not prohibit:
- (1) so long as no Default has occurred and is continuing or would be caused thereby, the payment of any dividend within 60 days after the date the dividend is declared, if at that date of declaration such payment would have complied with the provisions of this Indenture; *provided, however*, that such dividend shall be included in the calculation of the amount of Restricted Payments;
 - (2) so long as no Default has occurred and is continuing or would be caused thereby, the redemption, repurchase, retirement, defeasance or other acquisition of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor or of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale, other than to a Subsidiary of the Company or an employee stock ownership plan or to a trust established by the Company or any Subsidiary of the Company for the benefit of its employees, of, Equity Interests of the Company (other than Disqualified Stock or Back-to-Back Securities); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (a)(3)(ii) above;
 - (3) so long as no Default has occurred and is continuing or would be caused thereby, the defeasance, redemption, repurchase or other acquisition of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from an Incurrence of Permitted Refinancing Indebtedness;

- (4) any payment by the Company or a Restricted Subsidiary to any one of the other of them;
- (5) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value by the Company of any Equity Interests of the Company held by any member of the management of the Company or any of its Subsidiaries pursuant to any management equity subscription agreement or stock option agreement; *provided, however*, that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed US\$5.0 million in any twelve-month period;
- (6) payments of any kind made in connection with or in respect of Back-to-Back Securities; *provided, however*, that to the extent such payments shall be made to Affiliates of the Company (other than its Subsidiaries), all corresponding payments required to be paid by such Affiliates pursuant to the related Back-to-Back Securities shall be received, immediately prior to or concurrently with any such payments, by all applicable Videotron Entities;
- (7) so long as no Default has occurred and is continuing or would be caused thereby, any Tax Benefit Transaction;
- (8) so long as no Default has occurred and is continuing or would be caused thereby, the payment of any Management Fees or other similar expenses by the Company to its direct or indirect parent company for bona fide services (including reimbursement for expenses Incurred in connection with, or allocation of corporate expenses in relation to, providing such services) provided to, and directly related to the operations of, the Company and the Restricted Subsidiaries, in an aggregate amount not to exceed 1.5% of Consolidated Revenues in any twelve-month period;
- (9) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments since October 8, 2003 in an aggregate amount not to exceed US\$100.0 million;
- (10) so long as no Default has occurred and is continuing or would be caused thereby and the Debt to Cash Flow Ratio is no greater than 5.0 to 1 (calculated on a *pro forma* basis as if such payment, including any related financing transaction, had occurred at the beginning of the applicable fiscal quarter), the payment of dividends or distributions to Quebecor Media or the repayment of the QMI Subordinated Loan, in an aggregate amount not to exceed Cdn\$200.0 million since October 8, 2003; and
- (11) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, any Restricted Payment, *provided* that the Debt to Cash Flow Ratio, calculated on a *pro forma* basis as if such Restricted Payment, including any related financing transaction, had occurred at the beginning of the applicable fiscal quarter, is less than or equal to 2.50:1.00.

(c) The amount of any Restricted Payment, other than those effected in cash, shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this Section 4.10, in the event that a Restricted Payment or Permitted Investment at any time meets the criteria of one or more categories of Restricted Payments described in clauses (1)–(11) of paragraph (b) of this Section 4.10, meets the criteria of one or more categories of the definition of Permitted Investments and/or is permitted pursuant to paragraph (a) of this Section 4.10, the Company will be permitted in its sole discretion to divide or classify (or later redivide or reclassify) in whole or in part such Restricted Payment or Permitted Investment in any manner that complies with this Section 4.10 at such time.

(d) For purposes of this Section 4.10, if (i) any Videotron Entity ceases to be the obligor under or issuer of any Back-to-Back Securities and a Person other than a Videotron Entity becomes the obligor thereunder (or the issuer of any Back-to-Back Preferred Shares) or (ii) any Restricted Subsidiary that is an obligor under or issuer of any Back-to-Back Securities ceases to be a Restricted Subsidiary other than by consolidation or merger with the Company or another Restricted Subsidiary, then the Company or such Restricted Subsidiary shall be deemed to have made a Restricted Payment in an amount equal to the accreted value of such Back-to-Back Debt (or the subscription price of any Back-to-Back Preferred Shares) at the time of the assumption thereof by such other Person or at the time such Restricted Subsidiary ceases to be a Restricted Subsidiary.

Section 4.11. **Liens.**

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist or become effective any Lien of any kind on any asset owned on October 8, 2003 or thereafter acquired, except Permitted Liens, unless the Company or such Restricted Subsidiary has made or will make effective provision to secure the Notes and any applicable Subsidiary Guarantees equally and ratably with the obligations of the Company or such Restricted Subsidiary secured by such Lien for so long as such obligations are secured by such Lien.

Section 4.12. **Asset Sales.**

- (a) The Company shall not, and shall not permit any Restricted Subsidiary to, consummate an Asset Sale unless:
- (1) the Company, or the Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and
 - (2) at least 75% of the consideration received in such Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this clause (3), each of the following shall be deemed to be cash:
 - (i) any Indebtedness or other liabilities, as shown on the Company's or such Restricted Subsidiary's most recent balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and Indebtedness that are by their terms subordinated to with the Notes or any Subsidiary Guarantee and liabilities to the extent owed to the Company or any Affiliate of the Company), that are (i) assumed by the transferee of any such assets pursuant to a written agreement that releases the Company or such Restricted Subsidiary from further liability with respect to such Indebtedness or liabilities or (ii) are otherwise discharged or forgiven by such transferee;
 - (ii) any Designated Non-cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (b) since the Issue Date, not to exceed 5% of the Company's Consolidated Net Tangible Assets (determined at the time of contractual agreement to the relevant Asset Sale), with the fair market value of each item of Designated Non-cash Consideration being measured at the time of contractual agreement to the relevant Asset Sale and without giving effect to subsequent changes in value; and
 - (iii) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted within 180 days of the applicable Asset Sale by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in such conversion.
- (b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply those Net Proceeds at its option:
- (1) to permanently repay or reduce (i) Indebtedness, other than Subordinated Indebtedness, of the Company or a Subsidiary Guarantor secured by such assets, (ii) Indebtedness of the Company or a Subsidiary Guarantor under Credit Facilities or other Indebtedness of the Company that is by its terms *pari passu* with the Notes, or (iii) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor, and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

- (2) to acquire, or enter into a binding agreement to acquire, all or substantially all of the assets (other than cash, Cash Equivalents and securities) of any Person engaged in a Permitted Business; *provided, however*, that any such commitment shall be subject only to customary conditions (other than financing), and such acquisition shall be consummated no later than 180 days after the end of such 360-day period;
- (3) to acquire, or enter into a binding agreement to acquire, Voting Stock of a Person engaged in a Permitted Business from a Person that is not an Affiliate of the Company; *provided, however*, that such commitment shall be subject only to customary conditions (other than financing) and such acquisition shall be consummated no later than 180 days after the end of such 360-day period; and *provided, further, however*, that (a) after giving effect thereto, the Person so acquired becomes a Restricted Subsidiary and (b) such acquisition is otherwise made in accordance with this Indenture, including, without limitation, Section 4.10 hereof; or
- (4) to acquire, or enter into a binding agreement to acquire, other long-term assets (other than securities) that are used or useful in a Permitted Business; *provided, however*, that such commitment shall be subject only to customary conditions (other than financing) and such acquisition shall be consummated no later than 180 days after the end of such 360-day period.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales that are not applied, invested or segregated from the general funds of the Company for investment in identified assets pursuant to a binding agreement, in each case as provided in paragraph (c) above shall constitute Excess Proceeds; *provided, however*, that the amount of any Net Proceeds that ceases to be so segregated as contemplated in paragraph (c) above shall also constitute “*Excess Proceeds*” at the time any such Net Proceeds cease to be so segregated; *provided further, however*, that the amount of any Net Proceeds that continues to be segregated for investment and that is not actually reinvested within twenty-four months from the date of the receipt of such Net Proceeds shall also constitute “*Excess Proceeds*.”

(d) When the aggregate amount of Excess Proceeds exceeds US\$100.0 million, the Company shall make an offer (an “*Asset Sale Offer*”) to all Holders of Notes and all holders of other Indebtedness that is *pari passu* in right of payment with the Notes or any Subsidiary Guarantee containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds in accordance with the procedures set forth in Section 3.09 hereof. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount of the Notes and such other *pari passu* Indebtedness, plus accrued and unpaid interest to (but excluding) the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer and all Holders of Notes have been given the opportunity to tender their Notes for purchase in accordance with such Asset Sale Offer and this Indenture, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness shall be purchased on a *pro rata* basis (subject to Notes being in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof) based on the principal amount of Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Company shall comply with the requirements of applicable securities laws and regulations to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of this Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such conflict.

Section 4.13. **Dividend and Other Payment Restrictions Affecting Subsidiaries.**

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Equity Interests to the Company or any other Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any liabilities owed to the Company or any other Restricted Subsidiary;
- (2) make loans or advances, or guarantee any such loans or advances, to the Company or any other Restricted Subsidiary; or
- (3) transfer any of its properties or assets to the Company or any other Restricted Subsidiary.

(b) The restrictions set forth in paragraph (a) above shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness and Credit Facilities as in effect on October 8, 2003 and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided, however*, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such Existing Indebtedness and Credit Facilities, as in effect on October 8, 2003;
- (2) this Indenture and the Notes;
- (3) applicable law or any applicable rule, regulation or order;
- (4) any instrument governing Indebtedness or Capital Stock of a Person as in effect at the time such Person becomes a Restricted Subsidiary of the Company (except to the extent such Indebtedness or Capital Stock was Incurred or issued in connection with or in contemplation of such Person becoming a Restricted Subsidiary), which encumbrance or restriction is not applicable to the Company or any other Restricted Subsidiary of the Company, or the properties or assets of the Company or any other Restricted Subsidiary of the Company, other than the Person, or the property or assets of such Person; *provided, however*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred at the time such Person becomes a Restricted Subsidiary;
- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;
- (6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of paragraph (a) above;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by such Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness; *provided, however*, that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; *provided, further, however*, that if such Permitted Refinancing Indebtedness could not be entered into on commercially reasonable terms without the inclusion of dividend and other payment restrictions that are materially more restrictive than those contained in the existing Indebtedness (as determined in good faith by the Board of Directors of the Company), the Company or its Restricted Subsidiary may enter into such Permitted Refinancing Indebtedness, *provided* that the dividend and other payment restrictions contained therein will not materially impair the Company's ability to make payments on the Notes (as determined in good faith by the Board of Directors of the Company);

- (9) Liens securing Indebtedness that is permitted to be secured without also securing the Notes or the applicable Subsidiary Guarantee pursuant to Section 4.11 hereof that limit the right of the debtor to dispose of the assets subject to any such Lien;
- (10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;
- (11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (12) any Indebtedness or any agreement pursuant to which such Indebtedness was issued if (a) the encumbrance or restriction applies only upon a payment or financial covenant default or event of default contained in such Indebtedness or agreement, (b) such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Board of Directors of the Company) and (c) such encumbrance or restriction will not materially impair the Company's ability to make payments on the Notes (as determined in good faith by the Board of Directors of the Company); and
- (13) Non-Recourse Accounts Receivable Entity Indebtedness or other contractual requirements of an Accounts Receivable Entity in connection with a Qualified Receivables Transaction; *provided* that such restrictions apply only to such Accounts Receivable Entity or the receivables which are subject to the Qualified Receivables Transaction.

*Section 4.14. **Transactions with Affiliates.***

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, make any payment to, or sell, lease, transfer, exchange or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, officer or director of the Company (each, an "*Affiliate Transaction*") unless:

- (1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with an unrelated Person; and
- (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions with a fair market value in excess of US\$75.0 million, such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of the Company.

(b) The following items shall be deemed not to constitute Affiliate Transactions and, therefore, shall not be subject to the provisions of paragraph (a) above:

- (1) any employment agreement entered into by the Company or any Restricted Subsidiary in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary;

- (2) transactions between or among the Company and/or the Restricted Subsidiaries;
- (3) transactions with a Person that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person, *provided* such transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with an unrelated Person;
- (4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company;
- (5) sales of Equity Interests of the Company, other than Disqualified Stock or Back-to-Back Securities, to Affiliates of the Company;
- (6) any agreement or arrangement as in effect on October 8, 2003 or any amendment thereto or any transaction contemplated thereby, including pursuant to any amendment thereto, in any replacement agreement or arrangement thereto so long as any such amendment or replacement agreement or arrangement is not more disadvantageous to the Company or the Restricted Subsidiaries, as the case may be, in any material respect than the original agreement as in effect on October 8, 2003;
- (7) Restricted Payments that are permitted by the provisions of Section 4.10 hereof;
- (8) Permitted Investments;
- (9) any Tax Benefit Transaction; and
- (10) transactions effected as part of a Qualified Receivables Transaction.

Section 4.15.

[Reserved]

Section 4.16.

[Reserved]

*Section 4.17. **Designation of Restricted and Unrestricted Subsidiaries.***

- (a) The Board of Directors of the Company may designate any Subsidiary to be an Unrestricted Subsidiary if such Subsidiary:
 - (1) has no Indebtedness other than Non-Recourse Debt;
 - (2) does not own any Equity Interest of any Restricted Subsidiary, or hold any Liens on any property of the Company or any of its Restricted Subsidiaries;
 - (3) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;
 - (4) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

- (5) except in the case of a Subsidiary Guarantor that is designated as an Unrestricted Subsidiary in accordance with this Indenture, has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any Restricted Subsidiary;
- (6) has at least one director on its Board of Directors that is not a director or executive officer of the Company or any Restricted Subsidiary and has at least one executive officer that is not a director or executive officer of the Company or any Restricted Subsidiary; and
- (7) such designation would not cause a Default or Event of Default.

(b) Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the provisions of paragraph (a) above and was permitted by the provisions of Section 4.10 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the requirements of the provisions of paragraph (a) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Preferred Shares of such Subsidiary shall be deemed to be issued and any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date and, if such Preferred Shares are not permitted to be issued or such Indebtedness is not permitted to be Incurred as of such date under the provisions of Section 4.09 hereof, the Company shall be in default of such Section.

(c) If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and the Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be an Investment made as of the time of such designation and shall either reduce the amount available for Restricted Payments under Section 4.10(a) hereof or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. Such designation shall be permitted only if such Investment would be permitted at such time and if such Restricted Subsidiary otherwise meets the requirements of the provisions of paragraph (a) above. Upon designation of a Restricted Subsidiary as an Unrestricted Subsidiary in compliance with this Section 4.17, such Subsidiary shall be released from any Subsidiary Guarantee previously made by such Subsidiary in accordance with the provisions of Section 10.05 hereof.

(d) The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however*; that (i) such designation shall be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under the provisions of Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the most recently ended full fiscal quarter for which internal financial statements are available; (ii) all outstanding Investments owned by such Unrestricted Subsidiary shall be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under the provisions of Section 4.10 hereof; (iii) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under the provisions of Section 4.11 hereof; and (iv) no Default or Event of Default would be in existence immediately following such designation.

Section 4.18. **Repurchase at the Option of Holders Upon a Change of Control Triggering Event**

- (1) Within 30 days following any Change of Control Triggering Event, the Company shall give notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and shall make an offer (the "*Change of Control Offer*") pursuant to the procedures set forth in Section 3.09 hereof. Each Holder shall have the right to accept such offer and require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of such Holder's Notes pursuant to the Change of Control Offer at a purchase price, in cash (the "*Change of Control Payment*"), equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to (but excluding) the purchase date.

- (2) The Company shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes a Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes or portions of Notes properly tendered and not withdrawn under the Change of Control Offer, (2) a notice of redemption of all outstanding Notes has been given pursuant to Section 3.07 of this Indenture, unless and until there is a default in payment of the applicable redemption price or (3) in connection with or in contemplation of any Change of Control, the Company or a third party has made an offer to purchase any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered and not properly withdrawn in accordance with the terms of such offer (each of the foregoing, an “*Alternate Offer*”). Notwithstanding anything to the contrary contained in this Indenture, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer or Alternate Offer is made.
- (3) In the event that Holders of not less than 90% in aggregate principal amount of the outstanding Notes accept a Change of Control Offer or Alternate Offer and the Company (or any third party making such Change of Control Offer or Alternate Offer in lieu of the Company pursuant to this Section 4.18) purchases all of the Notes held by such Holders, the Company (or such third party making such Change of Control Offer or Alternate Offer in lieu of the Company pursuant to this Section 4.18) will have the right, upon not less than 10 days’ nor more than 60 days’ prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer or Alternate Offer pursuant to this Section 4.18, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment or the price paid in the Alternate Offer, as applicable, plus, to the extent not included in the Change of Control Payment or the price paid in the Alternate Offer, as applicable, accrued and unpaid interest, if any, on the Notes that remain outstanding, to (but excluding) the date of redemption (subject to the rights of Holders of record on the relevant record date to receive interest due on an Interest Payment Date that is on or prior to the redemption date).

Section 4.19. **Future Guarantors**

The Company shall cause each Restricted Subsidiary of the Company that provides a guarantee of any Indebtedness of the Company or a Subsidiary Guarantor under any syndicated Credit Facility or Capital Markets Indebtedness following the Issue Date to become a Subsidiary Guarantor and to execute a supplemental indenture pursuant to which it will guarantee, on a senior unsecured basis, the Company’s obligations under the Notes and the Indenture for so long as the guarantee in connection with the applicable Indebtedness remains in place, and deliver an Opinion of Counsel to the Trustee. The form of the Subsidiary Guarantee is attached hereto as Exhibit E.

Section 4.20. **Additional Amounts**

- (1) All payments made by or on behalf of the Company or the Subsidiary Guarantors on or with respect to the Notes pursuant to this Indenture shall be made without withholding or deduction for any Taxes imposed by any Canadian Taxing Authority, unless required by law or the interpretation or administration thereof by the relevant Canadian Taxing Authority. If the Company or any Subsidiary Guarantor (or any other payor) is required to withhold or deduct any amount on account of Taxes imposed by any Canadian Taxing Authority from any payment made under or with respect to any Notes that are outstanding on the date of the required payment, it shall:
- (i) make such withholding or deduction;

- (ii) remit the full amount deducted or withheld to the relevant government authority in accordance with applicable law;
 - (iii) pay the additional amounts (“*Additional Amounts*”) as may be necessary so that the net amount received by each Holder (including *Additional Amounts*) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted;
 - (iv) furnish to the Holders, within 30 days after the date the payment of any Taxes is due, certified copies of tax receipts evidencing such payment by the Company or such Subsidiary Guarantor;
 - (v) indemnify and hold harmless each Holder (other than an Excluded Holder, as defined in paragraph (2) below) for the amount of (a) any Taxes paid by each such Holder as a result of payments made on or with respect to the Notes, (b) any liability (including penalties, interest and expenses) arising from or with respect to such payments and (c) any Taxes imposed with respect to any reimbursement under the foregoing clauses (a) or (b), but excluding any such Taxes that are in the nature of Taxes on net income, taxes on capital, franchise taxes, net worth taxes and similar taxes; and
 - (vi) at least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or any Subsidiary Guarantor becomes obligated to pay *Additional Amounts* with respect to such payment, deliver to the Trustee an Officers’ Certificate stating the amounts so payable and such other information necessary to enable the Trustee to pay such *Additional Amounts* to Holders on the payment date.
- (2) Notwithstanding the provisions of paragraph (1) above, no *Additional Amounts* shall be payable to a Person (an “*Excluded Holder*”) in respect of a payment made to such Person under or with respect to a Note:
- (i) if such Person is subject to such Taxes by reason of its being connected with Canada or any province or territory thereof otherwise than by the mere acquisition, holding or disposition of Notes or the receipt of payments thereunder;
 - (ii) if such Person waives its right to receive *Additional Amounts*;
 - (iii) if the Company or such Subsidiary Guarantor does not deal at arm’s length, within the meaning of the *Income Tax Act* (Canada) (the “*Tax Act*”), with such Person at the time of such payment;
 - (iv) if the Company or such Subsidiary Guarantor does not deal at arm’s length, within the meaning of the *Tax Act*, with another Person to whom the Company or such Subsidiary Guarantor has an obligation to pay an amount in respect of the Note; or
 - (v) to the extent that the Taxes giving rise to such *Additional Amounts* would not have been imposed but for such person being, or not dealing at arm’s length (within the meaning of the *Tax Act*) with, a “specified shareholder” of the Company for purposes of the thin capitalization rules in the *Tax Act*.

Any reference, in any context in this Indenture, to the payment of principal, premium, if any, redemption price, Change of Control Payment, offer price and interest or any other amount payable under or with respect to any Note, shall be deemed to include the payment of *Additional Amounts* to the extent that, in such context, *Additional Amounts* are, were or would be payable.

The obligations described under this Section 4.20 will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Company or any Subsidiary Guarantor, as applicable, is organized or any political subdivision or taxing authority or agency thereof or therein.

It is understood for purposes of this Section 4.20 that the determination of the amount of Additional Amounts shall be made at the beneficial owner level.

Section 4.21. **Business Activities.**

The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than the Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Section 4.22. **Covenant Termination.**

Notwithstanding anything to the contrary set forth in this Indenture, if, on any date following the Issue Date, (i) the Notes reach Investment Grade Status and (ii) no Default has occurred and is continuing under this Indenture, then, beginning on that date and continuing at all times thereafter regardless of any subsequent changes in the ratings of the Notes, the Company will be under no obligation to comply with the terms and provisions of Section 4.09, Section 4.10, Section 4.12, Section 4.13, Section 4.14, Section 4.17(d)(i), Section 4.21 and Sections 5.01(1)(iv) and 5.01(2)(iv), and such covenants, terms and provisions shall cease to apply to the Notes.

ARTICLE 5.

SUCCESSORS

Section 5.01. **Merger, Consolidation and Sale of Assets of the Company and Subsidiary Guarantors.**

- (1) The Company may not directly or indirectly, (i) consolidate, merge or amalgamate with or into another Person, whether or not the Company is the surviving corporation, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless, in either case,
 - (i) either (a) the Company is the surviving corporation, or (b) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (the “*Surviving Company*”) is a corporation organized or existing under the laws of the United States, any state of the United States, the District of Columbia, Canada or any province or territory of Canada;
 - (ii) the Surviving Company expressly assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee;
 - (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and
 - (iv) the Company or the Surviving Company shall, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, (a) be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof, or (b) have a Debt to Cash Flow Ratio equal to or less than the Company’s Debt to Cash Flow Ratio immediately prior to such transaction.

- (2) Unless in connection with a disposition by the Company or a Subsidiary Guarantor of its entire ownership interest in a Subsidiary Guarantor or all or substantially all the assets of a Subsidiary Guarantor permitted by, and in accordance with the applicable provisions of, this Indenture (including, without limitation, the provisions of Section 4.12 hereof), the Company shall cause each Subsidiary Guarantor not to directly or indirectly, (i) consolidate, merge or amalgamate with or into another Person, whether or not such Subsidiary Guarantor is the surviving corporation, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor, in one or more related transactions, to another Person, unless, in either case,
- (i) either (a) such Subsidiary Guarantor is the surviving corporation, or (b) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (the “*Surviving Guarantor*”) is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state of the United States, the District of Columbia, Canada or any province or territory of Canada;
 - (ii) the Surviving Guarantor expressly assumes all the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee and this Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee;
 - (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and
 - (iv) either (a) such Subsidiary Guarantor or the Surviving Guarantor shall, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Debt to Cash Flow Ratio test set forth in Section 4.09(1) hereof, or (b) the Company will, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable fiscal quarter, have a Debt to Cash Flow Ratio equal to or less than the Company’s Debt to Cash Flow Ratio immediately prior to such transaction.
- (3) In addition, the Company shall not, and shall cause each Subsidiary Guarantor not to, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clauses (1)(iv) and (2)(iv) of this Section 5.01 shall not apply to a merger, consolidation or amalgamation, or a sale, assignment, transfer, conveyance or other disposition of assets, between or among the Company and any Restricted Subsidiary.

Section 5.02. **Successor Corporation Substituted.**

Each Surviving Company and Surviving Guarantor shall succeed to, and be substituted for, and may exercise every right and power of the Company or a Subsidiary Guarantor, as applicable, under this Indenture; *provided, however*, that in the case of:

- (1) a sale, transfer, assignment, conveyance or other disposition (unless such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, or in the case of a Subsidiary Guarantor, such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of such Subsidiary Guarantor or all of the Capital Stock of such Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transactions) a Subsidiary of the Company), or

(2) a lease,

the predecessor company shall not be released from any of the obligations or covenants under this Indenture, including with respect to the payment of the Notes and obligations under the Subsidiary Guarantees.

ARTICLE 6.

DEFAULTS AND REMEDIES

Section 6.01. **Events of Default**

Each of the following is an “Event of Default:”

- (i) default for 30 days in the payment when due of interest on, or with respect to, the Notes;
- (ii) default in payment, when due at Stated Maturity, upon acceleration, redemption, required repurchase or otherwise, of the principal of, or premium on, if any, the Notes;
- (iii) failure by the Company or any Restricted Subsidiary to comply with the provisions of Section 4.12, 4.18 or 5.01 hereof;
- (iv) failure by the Company for 90 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding, to comply with the provisions of Section 4.03 hereof;
- (v) failure by the Company or any Restricted Subsidiary for 60 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding to comply with any of its other covenants or agreements in this Indenture (other than those covenants or agreements in Sections 4.03, 4.12, 4.18 and 5.01 hereof);
- (vi) default under any mortgage, hypothec, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for borrowed money by the Company or any Restricted Subsidiary, or the payment of which is guaranteed by the Company or any Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:
 - (A) is caused by a failure to pay principal of, or interest or premium on, if any, such Indebtedness when due at the final maturity of such Indebtedness (a “*Payment Default*”); or
 - (B) results in the acceleration of such Indebtedness prior to its Stated Maturity,and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$50.0 million or more;
- (vii) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US\$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

- (viii) any Subsidiary Guarantee of a Significant Subsidiary ceases, or the Subsidiary Guarantees of any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary cease, to be in full force and effect (other than in accordance with the terms of any such Subsidiary Guarantee) or any Subsidiary Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Subsidiary Guarantee, or a group of Subsidiary Guarantors that, when taken together, would constitute a Significant Subsidiary deny or disaffirm their obligations under their respective Subsidiary Guarantees;
- (ix) the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, pursuant to or within the meaning of any Bankruptcy Law:
 - (A) commences a voluntary case or gives notice of intention to make a proposal under any Bankruptcy Law;
 - (B) consents to the entry of an order for relief against it in an involuntary case or consents to its dissolution or winding up;
 - (C) consents to the appointment of a receiver, interim receiver, receiver and manager, liquidator, trustee or custodian of it or for all or substantially all of its property;
 - (D) makes a general assignment for the benefit of its creditors;
 - (E) admits in writing its inability to pay its debts as they become due or otherwise admits its insolvency; or
 - (F) seeks a stay of proceedings against it or proposes or gives notice or intention to propose a compromise, arrangement or reorganization of any of its debts or obligations under any Bankruptcy Law; and
- (x) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (A) is for relief against the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, in an involuntary case; or
 - (B) appoints a receiver, interim receiver, receiver and manager, liquidator, trustee or custodian of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary;
 - (C) orders the liquidation of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary; or
 - (D) orders the presentation of any plan or arrangement, compromise or reorganization of the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary; and such order or decree remains unstayed and in effect for 60 consecutive days.

Acceleration

If any Event of Default (other than those of the type described in Section 6.01(ix) or (x)) occurs and is continuing, the Trustee may, and the Trustee upon the request of Holders of 25% in principal amount of the outstanding Notes shall, or the Holders of at least 25% in principal amount of outstanding Notes may, declare the principal of all the Notes, together with all accrued and unpaid interest, premium, if any, to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is a notice of acceleration (the "*Acceleration Notice*"), and the same shall become immediately due and payable.

In the case of an Event of Default specified in Section 6.01(ix) or (x) hereof, all outstanding Notes shall become due and payable immediately without further action or notice by the Trustee or the Holders. Holders may not enforce this Indenture or the Notes except as provided in this Indenture.

At any time after a declaration of acceleration with respect to the Notes, the Holders of a majority in principal amount of the Notes then outstanding (by notice to the Trustee) may rescind and cancel such declaration and its consequences if:

- (1) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction;
- (2) all existing Defaults and Events of Default have been cured or waived except non-payment of principal or interest on the Notes that has become due solely by such declaration of acceleration;
- (3) to the extent the payment of such interest is lawful, interest (at the same rate specified in the Notes) on overdue installments of interest and overdue payments of principal which has become due otherwise than by such declaration of acceleration has been paid;
- (4) the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances; and
- (5) in the event of the cure or waiver of an Event of Default of the type described in Section 6.01(ix) or (x), the Trustee has received an Officers' Certificate and Opinion of Counsel that such Event of Default has been cured or waived.

In the case of an Event of Default with respect to the Notes occurring by reason of any willful action or inaction taken or not taken by the Company or on the Company's behalf with the intention of avoiding payment of the premium that the Company would have been required to pay if the Company had then elected to redeem the Notes pursuant to Section 3.07 hereof, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

Notwithstanding anything to the contrary set forth herein, a notice of Default may not be given with respect to any action taken, and reported publicly or to Holders of Notes, more than two years prior to such notice of Default. Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a “*Noteholder Direction*”) provided by any one or more Holders of Notes (other than any Holder that is a Regulated Bank) (each a “*Directing Holder*”) must be accompanied by a written representation from each such Holder of Notes to the Company and the Trustee that such Holder is not (or, in the case such holder is CDS or its nominee, that such Holder is being instructed solely by beneficial owners of Notes that have represented to such Holder that they are not) Net Short (a “*Position Representation*”), which representation, in the case of a Noteholder Direction relating to a notice of Default, shall be deemed repeated at all times until the resulting Event of Default is cured or otherwise ceases to exist or such Notes are accelerated. In addition, each Directing Holder must, at the time of providing a Noteholder Direction, covenant to provide the Company with such other information as the Company may reasonably request from time to time in order to verify the accuracy of such Holder’s Position Representation within five Business Days of request therefor (a “*Verification Covenant*”). In any case in which the Holder is CDS or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of such Notes in lieu of CDS or its respective nominee. If, following the delivery of a Noteholder Direction, but prior to the acceleration of such Notes, the Company determines in good faith that there is a reasonable basis to believe a Directing Holder providing such Noteholder Direction was, at any relevant time, in breach of its Position Representation and provides to the Trustee evidence that the Company has filed papers with a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default that resulted from the applicable Noteholder Direction, the cure period with respect to such Event of Default shall be automatically stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Company provides to the Trustee an Officers’ Certificate stating that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to any Event of Default that resulted from the applicable Noteholder Direction shall be automatically stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder’s participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void *ab initio*, with the effect that such Event of Default shall be deemed never to have occurred. In addition, for the avoidance of doubt, this paragraph shall not apply to any Holder of Notes that is a Regulated Bank; *provided* that if a Regulated Bank is a Directing Holder or a beneficial owner directing CDS, or its nominee, it shall provide a written representation to the Company that it is a Regulated Bank.

For the avoidance of doubt, the Trustee, as applicable, shall be entitled to conclusively rely without liability on any Noteholder Direction delivered to it in accordance with this Indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officers’ Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise and shall have no liability for ceasing to take any action or staying any remedy. The Trustee shall have no liability to the Company, any Holder of Notes or any other Person in acting in good faith on a Noteholder Direction or taking no action in good faith with respect thereto, or for determining whether any Holder of Notes has delivered a Position Representation, such Position Representation conforms with the requirements of the indenture or any other agreement or any Holder is a Regulated Bank.

Section 6.03. **Other Remedies.**

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding, and any such proceeding instituted by the Trustee shall be brought in its own name on behalf of the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) of the Holders of the Notes, and any recovery of judgment shall be for the ratable benefit of the Holders of the Notes subject to the provisions of this Indenture. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies shall be cumulative to the extent permitted by law.

Section 6.04. **Waiver of Past Defaults.**

The Holders of at least a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default, and its consequences, except a continuing Default or Event of Default (i) in the payment of the principal or interest on the Notes and (ii) in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment. Upon any waiver of a Default or Event of Default such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed cured for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.05. **Control by Majority.**

Subject to Section 7.01, Section 7.02(5) (including the Trustee's receipt of the security or indemnification described therein) and Section 7.06 hereof, in case an Event of Default shall occur and be continuing, the Holders of at least a majority in aggregate principal amount of the Notes then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided, however*, the Trustee may refuse to follow any direction from the Holders of at least a majority in aggregate principal amount of the Notes then outstanding that conflicts with applicable law or this Indenture, or that the Trustee determines in good faith may be unduly prejudicial to the rights of the Holders not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with such direction.

Section 6.06. **Limitation on Suits.**

No Holder shall have any right to institute any proceeding with respect to this Indenture, or for the appointment of a receiver or trustee, or for any remedy thereunder, unless:

- (1) such Holder has previously given to the Trustee written notice of a continuing Event of Default,
- (2) Holders of at least 25% in aggregate principal amount of the Notes then outstanding have made written request to the Trustee to pursue the institution of any proceeding with respect to this Indenture, or the appointment of a receiver or trustee, or any remedy,
- (3) such Holder or Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any costs, liability or expense,
- (4) the Trustee shall have failed to comply with the request within 60 days after receipt of the request and the offer of indemnity, and
- (5) the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the Notes then outstanding a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days.

The preceding limitations shall not apply to a suit instituted by a Holder for enforcement of payment of principal of, and premium, if any, or interest on, a Note on or after the respective due dates for such payments set forth in such Note.

A Holder may not use this Indenture to affect, disturb or prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07. **Rights of Holders to Receive Payment**

Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.06 hereof), the right of any Holder to receive payment of principal, premium, if any, and interest on the Notes held by such Holder, on or after the respective due dates expressed in the Notes (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. **Collection Suit by Trustee**

If an Event of Default specified in Section 6.01(i) or (ii) occurs and is continuing, the Trustee is authorized to recover judgment in its own name on behalf of all the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) against the Company for the whole amount of principal of, premium, if any, and interest then due and owing (together with interest on overdue principal and, to the extent lawful, interest) and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09. **Trustee May File Proofs of Claim.**

The Trustee shall be authorized in its own name on behalf of the Holders of Notes and as the *fondé de pouvoir* (holder of the power of attorney) of the Holders of the Notes to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.06 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee and its agents and counsel, and any other amounts due to the Trustee under Section 7.06 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, moneys, securities and any other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. **Priorities.**

If the Trustee collects any money pursuant to this Article 6, it shall be held in trust by the Trustee and paid out in the following order:

First: to the Trustee, its agents and attorneys for amounts due under this Indenture, including payment of all compensation, expenses and liabilities Incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11. **Undertaking for Costs.**

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 shall not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.

TRUSTEE

Section 7.01. **Duties of Trustee.**

- (1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.
- (2) Except during the continuance of an Event of Default:
 - (i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).
- (3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:
 - (i) this paragraph does not limit the effect of paragraph (2) of this Section;
 - (ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent; and
 - (iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.
- (4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (1), (2) and (3) of this Section 7.01.
- (5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or Incur any financial liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holders shall have offered to the Trustee:
 - (i) sufficient funds to commence or continue any act; and
 - (ii) security and indemnity satisfactory to it against any loss, liability or expense.
- (6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02. **Rights of Trustee.**

- (1) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in any such document.
- (2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (3) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.
- (4) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.
- (5) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be Incurred by it in compliance with such request or direction.
- (6) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or Event of Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee from the Company or the Holders of 25% in aggregate principal amount of the outstanding Notes, and such notice references the specific Default or Event of Default, the Notes and this Indenture.
- (7) The Trustee shall not be required to give any bond or surety in respect of the performance of its power and duties hereunder.
- (8) The Trustee shall have no duty to inquire as to the performance of the Company's covenants herein.
- (9) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 7.03. **Individual Rights of Trustee.**

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Subsidiary Guarantor or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights and duties. The Trustee shall also be subject to Section 7.09.

Section 7.04. **Trustee's Disclaimer.**

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

*Section 7.05. **Notice of Defaults.***

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

*Section 7.06. **Compensation and Indemnity.***

The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses Incurred or made by it in addition to the compensation for its services (including the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel), except any such disbursement, advance or expense as may be attributable to its negligence, wilful misconduct or bad faith.

The Company shall indemnify the Trustee (in its capacity as Trustee) and its officers, directors and employees or any predecessor Trustee (in its capacity as Trustee) against any and all losses, claims, damages, penalties, fines, liabilities, actions or expenses, including incidental and out-of-pocket expenses and reasonable legal fees and disbursements on a solicitor and client basis (for purposes of this Article 7, "*losses*") Incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.06) and defending itself against any claim (whether asserted by the Company or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent such losses may be attributable to its negligence, wilful misconduct or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity if so permitted by the Indenture and without causing prejudice to the Holders. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may have separate counsel if the Trustee has been reasonably advised by counsel, including its own in-house counsel, that there may be one or more legal defenses available to it that are different from or additional to those available to the Company and in the reasonable judgment of such counsel it is advisable for the Trustee to engage separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The Company need not reimburse any expense or indemnify against any loss Incurred by the Trustee through the Trustee's own negligence, wilful misconduct or bad faith.

The obligations of the Company under this Section 7.06 shall survive the satisfaction and discharge of this Indenture, the resignation or removal of the Trustee and payment in full of the Notes.

Notwithstanding any other provision of this Indenture, the Trustee shall not be liable for any (i) breach by any other party of the Applicable Securities Legislation, (ii) lost profits or (iii) punitive or special damages of any Person.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee Incurs expenses or renders services after an Event of Default specified in Section 6.01(ix) or (x) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.07. **Replacement of Trustee.**

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.07.

The Trustee may resign in writing at any time upon 30 days' prior notice to the Company and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.09 hereof;
- (2) the Trustee is adjudged bankrupt or insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.09 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. Subject to the Lien provided for in Section 7.06 hereof, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee *provided, however*; that all sums owing to the Trustee hereunder shall have been paid. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's obligations under Section 7.06 hereof shall continue for the benefit of the retiring Trustee.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 7.08. **Successor Trustee by Merger, Etc.**

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or banking association, the successor corporation or banking association without any further act shall, if such successor corporation or banking association is otherwise eligible hereunder, be the successor Trustee.

Section 7.09. **Eligibility, Disqualification.**

There shall at all times be a Trustee hereunder that is a Person organized and doing business under the laws of Canada or of any province thereof that is authorized under such laws to exercise corporate trustee power. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

The Trustee represents to the Company that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 90 days after ascertaining that such a material conflict of interest exists, either eliminate the same or else resign as Trustee hereunder by giving notice in writing to the Company at least 21 days prior to such resignation and shall thereupon be discharged from all further duties and liabilities hereunder.

Section 7.10. **Acceptance of Trust.**

The Trustee hereby accepts any and all trusts created or constituted for the purposes of this Indenture, including Sections 2.04, 6.10, 8.04, 8.05, 8.06, 11.01, 11.02 and 11.03, or any Notes, agrees to perform the same upon the terms and conditions herein set forth and, to the extent any such terms and conditions conflict with any provisions of applicable law, such terms and conditions shall prevail to the extent that such provisions do not constitute provisions of public order.

Section 7.11. **Fondé de Pouvoir.**

The Trustee hereby agrees to act as the *fondé de pouvoir* (holder of the power of attorney) for the Holders of the Notes to the extent necessary or desirable for the purposes of this Indenture and each Holder by receiving and holding the Notes accepts and confirms the appointment of the Trustee as *fondé de pouvoir* (holder of the power of attorney) of such Holder to the extent necessary for the purposes hereof and in accordance with and subject to the provisions hereof, including with respect to and in connection with the guarantees contemplated by Article 10 of this Indenture.

To the extent necessary and for greater certainty (but without in any way detracting from custom and usage applicable with regards to the relationship between the Company, the Trustee and the Holders hereunder) and subject to any applicable law of public order, the Trustee and the Company hereby agree with regards to the Trustee so acting as *fondé de pouvoir* (holder of the power of attorney) of the Holders hereunder and each Holder by receiving and holding same agrees with the Company and the Trustee that:

- (1) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, relating thereto, no Holder shall be liable to third parties for acts performed by the Trustee (or any other person appointed by the Trustee to perform all or any of its rights, powers, trusts or duties hereunder) during the exercise of its rights, powers and trusts and the performance of its duties under this Indenture or for injury caused to such parties by the fault of the Trustee (or any such person), or for contracts entered into in favor of such parties, during such performance and the Trustee (or any such person) alone shall be so liable subject to any rights or recourses which the Trustee (or any such person) may have hereunder or under any applicable law against the Company or any other person (other than a Holder) in connection with any such liability;
- (2) except as otherwise expressly provided herein or in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, the Trustee shall not be entitled to receive from the Holders any remuneration or compensation for any services rendered by the Trustee hereunder or reimbursement of any costs, expenses, liabilities, disbursements or advances Incurred or made by the Trustee in accordance with any provision of this Indenture or interest thereon;

- (3) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, relating thereto, no Holder shall be liable to compensate the Trustee for any injury suffered by it by reason of the performance of its rights, powers, trusts or duties hereunder subject to any rights or recourses which the Trustee may have hereunder or under any applicable law against the Company or any other person (other than a Holder) in connection with such injury;
- (4) neither the death nor bankruptcy of a Holder shall terminate the Trustee's rights, powers, trusts or duties hereunder with respect to the Notes held by such Holder which shall continue to apply in favor of the Holder or Holders who have acquired such Notes from such deceased or bankrupt Holder;
- (5) the bankruptcy of the Trustee shall not terminate its rights, powers, trusts or duties hereunder *provided* that such rights, powers, trusts or duties are assumed by a successor Trustee appointed in accordance with the provisions of Section 7.07;
- (6) so long as any Notes remain outstanding, (i) each Holder hereby renounces its right to revoke any mandate relationship created between such Holder and the Trustee hereunder and (ii) the Trustee hereby agrees that it will not revoke any such mandate relationship except through a resignation pursuant to and in compliance with the provisions of Section 7.07; and
- (7) except as otherwise expressly provided herein or in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Holders of Notes pursuant to this Indenture, the Trustee shall not be obliged to render any account to the Holders nor return to the Holders any amounts which it has received in the performance of its duties hereunder nor pay any interest to the Holders on such amounts.

Section 7.12. **Company Status.**

The Company represents and warrants that it is filing with the Commission as a Foreign Private Issuer (as such term is defined in the Exchange Act) and has delivered to the Trustee an Officers' Certificate certifying such "reporting issuer" status and other information as the Trustee has requested, including, but not limited to, the Central Index Key that has been assigned for filing purposes. Should the Company cease to file as a Foreign Private Issuer, the Company covenants to deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) certifying a change in "reporting issuer" status and such other information as the Trustee may require at such given time. The Company understands that the Trustee is relying upon the foregoing representation, warranty and covenant in order to meet certain Commission obligations with respect to those clients who are filing with the Commission.

ARTICLE 8.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. **Option to Effect Legal Defeasance or Covenant Defeasance.**

The Company may, at its option and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth in this Article 8.

Section 8.02. **Legal Defeasance and Discharge.**

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*") and each Subsidiary Guarantor shall be released from all of its obligations under its Subsidiary Guarantee. For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a), (b) and (d) below, and to have satisfied all its other obligations under the Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, or interest and Additional Amounts on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article 2 and Sections 4.01 and 4.02 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations and the Subsidiary Guarantor's in connection therewith and (d) this Article 8. If the Company exercises under Section 8.01 hereof of the option applicable to this Section 8.02, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, payment of the Notes may not be accelerated because of an Event of Default. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

*Section 8.03. **Covenant Defeasance.***

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 4.05 and 4.06, 4.09 through 4.19, and 4.21 hereof, and the operation of Sections 5.01(1)(iv) and (2)(iv) hereof, with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*") and each Subsidiary Guarantor shall be released from all of its obligations under its Subsidiary Guarantee with respect to such covenants in connection with such outstanding Notes and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. If the Company exercises under Section 8.01 hereof the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, payment of the Notes may not be accelerated because of an Event of Default specified in clause (iii) (with respect to the covenants contained in Sections 4.12 or 4.18 or Section 5.01(1)(iv) or 5.01(2)(iv) hereof), (iv), (v) (with respect to Sections 4.05, 4.06, 4.11, 4.13 through 4.17, 4.19 and 4.21 hereof), (vi), (vii), (viii), (ix) and (x) of such Section 6.01 (but in the case of (ix) and (x) of Section 6.01 hereof, with respect to Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary only) or because of the Company's failure to comply with Section 5.01(1)(iv) or 5.01(2)(iv) hereof.

*Section 8.04. **Conditions to Legal or Covenant Defeasance.***

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes.

In order to exercise Legal Defeasance or Covenant Defeasance:

- (1) the Company shall irrevocably deposit with the Trustee, as mandatory and depository, in trust, for the benefit of the Holders cash in Canadian dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay the principal of, or interest, premium and Additional Amounts, if any, on the outstanding notes on the Stated Maturity or on the applicable date of redemption, as the case may be, and the Company shall specify whether the Notes are being defeased to maturity or to a particular date of redemption;

- (2) in the case of Legal Defeasance, the Company shall deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred, and the Company shall have delivered to the Trustee an Opinion of Counsel in Canada reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Legal Defeasance and will be subject to Canadian federal income tax (including withholding tax) on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company shall deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred, and the Company shall deliver to the Trustee an Opinion of Counsel in Canada or an advance tax ruling from the Canada Revenue Agency (or successor agency) reasonably acceptable to the Trustee confirming that Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Covenant Defeasance and will be subject to Canadian federal income tax (including withholding tax) on the same amounts, in the same manner and at the same time as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default shall have occurred and be continuing either (a) on the date of such deposit, or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit, other than, in each case, a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings;
- (5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument, to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (6) the Company shall deliver to the Trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of the Company or any Subsidiary Guarantor between the date of deposit and the 91st day following such deposit and assuming that no Holder is an “insider” of the Company under applicable Bankruptcy Law, after the 91st day following such deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally;
- (7) the Company shall deliver to the Trustee an Officers’ Certificate stating that such deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others;

- (8) if the Notes are to be redeemed prior to their Stated Maturity, the Company must deliver to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date; and
- (9) the Company shall deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. **Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions.**

Subject to Section 8.06 hereof, all cash and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of all sums due and to become due thereon in respect of principal, premium, if any, and interest but such cash and securities need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any cash or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent certified public accountants of recognized international standing expressed in a written certification thereof delivered to the Trustee (which may be the certification delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06. **Repayment to Company.**

Subject to any applicable laws relating to abandoned property, any cash or non-callable Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such cash and securities, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in *The Globe and Mail* (national edition) and *Le Journal de Montréal*, notice that such cash and securities remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such cash and securities then remaining shall be repaid to the Company.

Section 8.07. **Reinstatement.**

If the Trustee or Paying Agent is unable to apply any cash or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such cash and securities in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however,* that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders to receive such payment from the cash and securities held by the Trustee or Paying Agent.

ARTICLE 9.

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01. **Without Consent of Holders of Notes.**

Notwithstanding Section 9.02 of this Indenture, the Company and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder to:

- (1) cure any ambiguity, defect or inconsistency;
- (2) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) provide for the assumption of the obligations of the Company or any Subsidiary Guarantor to Holders in the case of a merger, consolidation, or amalgamation or sale of all or substantially all of the assets of the Company or such Subsidiary Guarantor, as the case may be, in accordance with Section 5.01 hereof;
- (4) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder;
- (5) add additional guarantees with respect to the Notes or release Subsidiary Guarantors from Subsidiary Guarantees as provided or permitted by the terms of this Indenture;
- (6) provide for the issuance of Additional Notes in accordance with this Indenture; or
- (7) to conform the text of this Indenture or the Notes to any provision of the “Description of Notes” section of the Final Term Sheet for the Notes, dated January 19, 2021, to the extent that such provision in such “Description of Notes” section was intended to be a verbatim recitation of a provision of this Indenture or the Notes, as set forth in an Officers’ Certificate.

Section 9.02. **With Consent of Holders of Notes.**

Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (except a continuing Default or Event of Default (i) in the payment of principal, premium, if any, or interest on the Notes and (ii) in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of at least a majority in principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes).

It shall not be necessary for any instrument or resolution evidencing the consent of the Holders under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such instrument or resolution shall approve the substance thereof; *provided*, however, that the Trustee shall have the right to require an Opinion of Counsel to the effect that the proposed amendment or waiver conforms in substance to the consent of the Holders.

Without the consent of each Holder, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any Note or alter the provisions with respect to the redemption of the Notes;
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium on, if any, the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration;
- (5) make any Note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium on, if any, the Notes, or to institute suit for the enforcement of any payment on or with respect to such Holders' Notes or any Subsidiary Guarantee;
- (7) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the provisions of Section 4.12 hereof after the obligation to make and consummate such Asset Sale Offer has arisen or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change in Control Triggering Event in accordance with the provisions of Section 4.18 hereof after such Change of Control Triggering Event has occurred, including, in each case, amending, changing or modifying any definition relating thereto;
- (8) except as otherwise permitted under the provisions of Section 5.01 hereof, consent to the assignment or transfer by the Company or any Subsidiary Guarantor of any of their rights or obligations under this Indenture;
- (9) subordinate the Notes or any Subsidiary Guarantee to any other obligation of the Company or the applicable Subsidiary Guarantor;
- (10) amend or modify any Subsidiary Guarantee in a manner that would adversely affect the Holders of the Notes or release any Subsidiary Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture (except in accordance with the terms of this Indenture);
- (11) amend or modify the provisions of Section 4.20 hereof; or
- (12) make any change in the preceding amendment and waiver provisions.

For the avoidance of doubt, no amendment or deletion of any of Sections 1.08, 4.03, 4.08, 4.09, 4.10, 4.11, 4.13, 4.14, 4.17, 4.19, 4.21, 4.22 and 5.01 hereof in accordance with the amendment provisions set forth herein, or action taken in compliance with such covenants in effect at the time of such action, shall be deemed to make any change in the provisions herein relating to the legal right of any Holder of the Notes to receive payments of principal of, or interest or premium on, if any, the Note.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any supplemental indenture. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; *provided* that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 120 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holder of each Note affected thereby to such Holder's address appearing in the Security Register a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 9.03. **Revocation and Effect of Consents.**

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion thereof that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to its Note or portion thereof if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver shall become effective in accordance with its terms and thereafter shall bind every Holder.

Section 9.04. **Notation on or Exchange of Notes.**

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05. **Trustee to Sign Amendments, Etc.**

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and that such amended or supplemental indenture is the legal, valid and binding obligations of the Company (and, if applicable, any guarantor hereunder and thereunder) enforceable against it (and any applicable guarantor) in accordance with its terms, subject to customary exceptions and that such amended or supplemental indenture complies with the provisions hereof.

ARTICLE 10.

SUBSIDIARY GUARANTEES

Section 10.01. **Guarantee.**

Subject to this Article 10, each of the Subsidiary Guarantors hereby unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on the overdue principal and premium, if any, and to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee hereunder or thereunder, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration pursuant to Section 6.02 hereof, redemption or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be solidarily (jointly and severally) obligated to pay the same immediately. Each Subsidiary Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

Each Subsidiary Guarantor hereby agrees that its obligations with regard to its Subsidiary Guarantee shall be solidary, unconditional, irrespective of the validity or enforceability of the Notes or the obligations of the Company under this Indenture, the absence of any action to enforce the same, the recovery of any judgment against the Company or any other obligor with respect to this Indenture, the Notes or the Obligations of the Company under this Indenture or the Notes, any action to enforce the same or any other circumstances (other than complete performance) which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. Each Subsidiary Guarantor further, to the extent permitted by law, waives and relinquishes all claims, rights and remedies accorded by applicable law to guarantors and agrees not to assert or take advantage of any such claims, rights or remedies, including but not limited to: (a) any right to require any of the Trustee, the Holders or the Company (each a "*Benefited Party*"), as a condition of payment or performance by such Subsidiary Guarantor, to (1) proceed against the Company, any other guarantor (including any other Subsidiary Guarantor) of the Obligations under the Subsidiary Guarantees or any other Person, (2) proceed against or exhaust any security held from the Company, any such other guarantor or any other Person, (3) proceed against or have resort to any balance of any deposit account or credit on the books of any Benefited Party in favor of the Company or any other Person, or (4) pursue any other remedy in the power of any Benefited Party whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Company including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations under the Subsidiary Guarantees or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Company from any cause other than payment in full of the Obligations under the Subsidiary Guarantees; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal, and any defense or termination of its Subsidiary Guarantee pursuant to Article 2362 of the Civil Code; (d) any defense based upon any Benefited Party's errors or omissions in the administration of the Obligations under the Subsidiary Guarantees, except behavior which amounts to bad faith; (e)(1) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of the Subsidiary Guarantees and any legal or equitable discharge of such Subsidiary Guarantor's obligations hereunder, (2) the benefit of any prescription of such Subsidiary Guarantor's liability hereunder or the enforcement hereof, (3) any rights to set-offs, recoupments and counterclaims and (4) promptness, diligence and any requirement that any Benefited Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentations, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of the Subsidiary Guarantees, notices of default under the Notes or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Obligations under the Subsidiary Guarantees or any agreement related thereto, and notices of any extension of credit to the Company and any right to consent to any thereof; (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of the Subsidiary Guarantees, and (h) any rights to be provided information pursuant to Article 2345 of the Civil Code. Except to the extent expressly provided herein, including Sections 8.02, 8.03 and 10.05 hereof, each Subsidiary Guarantor hereby covenants that its Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in its Subsidiary Guarantee and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Subsidiary Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Section 6.02 hereof for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby and (y) in the event of any declaration of acceleration of such obligations as provided in Section 6.02 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of this Subsidiary Guarantee. The Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantee.

Each Subsidiary Guarantor hereby waives the benefits of discussion and division.

*Section 10.02. **Limitation on Subsidiary Guarantor Liability.***

Each Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Subsidiary Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the obligations of such Subsidiary Guarantor under this Article 10 shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Subsidiary Guarantor that are relevant under such laws, including, if applicable, its guarantee of all obligations under the Credit Agreement, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under this Article 10, result in the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

*Section 10.03. **Execution and Delivery of Subsidiary Guarantee.***

To evidence its Subsidiary Guarantee set forth in Section 10.01 hereof, each Subsidiary Guarantor hereby agrees that a notation of such Subsidiary Guarantee in substantially the form included in Exhibit E attached hereto shall be endorsed by an Officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Subsidiary Guarantor by its President or one of its Vice Presidents.

Each Subsidiary Guarantor hereby agrees that its Subsidiary Guarantee set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an Officer whose signature is on this Indenture or on the Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Subsidiary Guarantee is endorsed, the Subsidiary Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of the Subsidiary Guarantors.

*Section 10.04. **Subsidiary Guarantors May Consolidate, Etc., on Certain Terms.***

Except as otherwise provided in Section 10.05 hereof, no Subsidiary Guarantor may consolidate, merge or amalgamate with or into (whether or not such Subsidiary Guarantor is the Surviving Guarantor) another Person whether or not affiliated with such Subsidiary Guarantor unless:

- (1) subject to Section 10.05 hereof, the Person formed by or surviving any such consolidation, merger or amalgamation (if other than a Subsidiary Guarantor or the Company) unconditionally assumes all the obligations of such Subsidiary Guarantor, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, under this Indenture and the Subsidiary Guarantee on the terms set forth herein or therein; and
- (2) the Subsidiary Guarantor or the Surviving Guarantor, as applicable, complies with the requirements of Article 5 hereof.

In case of any such consolidation, merger, amalgamation, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor Person shall succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as a Subsidiary Guarantor. Such successor Person thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (1) and (2) above, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation, merger or amalgamation of a Subsidiary Guarantor with or into the Company or another Subsidiary Guarantor, or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety to the Company or another Subsidiary Guarantor.

*Section 10.05. **Releases Following Sale of Assets.***

In the event of a sale or other disposition of all of the Capital Stock of any Subsidiary Guarantor (including by way of consolidation, merger or amalgamation), to one or more Persons that are not (either before or after giving effect to such transaction) the Company or Restricted Subsidiaries of the Company, and such disposition complies with Sections 4.12 and 5.01 hereof, then the Subsidiary Guarantor being sold will be released from all of its obligations under its Subsidiary Guarantee and this Indenture. In addition, if (i) a Subsidiary Guarantor is designated as an Unrestricted Subsidiary in accordance with the provisions of Section 4.17 hereof, (ii) if the Company exercises its legal defeasance option or its covenant defeasance option pursuant to Article 8 hereof or if the obligations of the Company under this Indenture are discharged in accordance with the terms hereof or (iii) upon the release or discharge of all guarantees by such Subsidiary Guarantor of Indebtedness of the Company or a Subsidiary Guarantor under syndicated Credit Facilities and Capital Markets Indebtedness, then in each such case the designated Subsidiary Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee and this Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition, designation, release or discharge was made by the Company in accordance with the provisions of this Indenture, including without limitation Section 4.12 hereof, the Trustee shall execute any documents reasonably required in order to evidence the release of any Subsidiary Guarantor from its obligations under its Subsidiary Guarantee.

Any Subsidiary Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Subsidiary Guarantor under this Indenture.

ARTICLE 11.

SATISFACTION AND DISCHARGE

Section 11.01. **Satisfaction and Discharge**

This Indenture shall be discharged and shall cease to be of further effect, except as to surviving rights of registration of transfer or exchange of the Notes, as to all Notes issued hereunder, and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

- (1) either:
 - (i) all Notes that have been previously authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has previously been deposited in trust or segregated and held in trust by the Company and is thereafter repaid to the Company or discharged from the trust) have been delivered to the Trustee for cancellation; or
 - (ii) all Notes that have not been previously delivered to the Trustee for cancellation (A) have become due and payable by reason of a making of a notice of redemption or otherwise or (B) will become due and payable within one year, and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in Canadian dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation for principal, premium, if any, Additional Amounts, and accrued interest on the Notes to (but excluding) the date of deposit, in the case of Notes that have become due and payable, or to (but excluding) the Stated Maturity or redemption date, as the case may be;
- (2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;
- (3) the Company or any Subsidiary Guarantor has paid or caused to be paid all other sums payable by it under this Indenture;
- (4) the Company shall have delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the date of redemption, as the case may be; and
- (5) the Company shall have delivered to the Trustee an Officers' Certificate and Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been satisfied.

Section 11.02. **Deposited Cash and Government Securities to be Held in Trust, Other Miscellaneous Provisions**

Subject to Section 11.03 hereof, all cash and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 11.02, the "Trustee") pursuant to Section 11.01 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest but such cash and securities need not be segregated from other funds except to the extent required by law.

Section 11.03. **Repayment to Company.**

Subject to any applicable laws relating to abandoned property, any cash or non-callable Government Securities deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such cash and securities, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in *The Globe and Mail* (national edition) and *Le Journal de Montréal*, notice that such cash and securities remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such cash and securities then remaining shall be repaid to the Company.

Section 11.04. **Release of Subsidiary Guarantors upon Satisfaction and Discharge of Indenture.**

In the event the Company shall be irrevocably released from all of its obligations under this Indenture, each of the Subsidiary Guarantors shall also be released in respect of all of their respective obligations under the terms of this Indenture, the Notes or any Subsidiary Guarantee.

ARTICLE 12.

MISCELLANEOUS

Section 12.01. **Notices.**

Any notice or communication by the Company and/or a Subsidiary Guarantor or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), electronic delivery (PDF format only), facsimile transmission or overnight air courier guaranteeing next-day delivery, to the other's address:

If to the Company or a Subsidiary Guarantor:

Videotron Ltd.
612 Saint-Jacques Street, 18th Floor
Montréal, Québec, H3C 4M8
Canada
Attention: Corporate Secretary
Facsimile No.: (514) 985-8834
E-mail: affairesjuridiques@quebecor.com

With a copy to:

Norton Rose Fulbright Canada LLP
1 Place Ville-Marie
Suite 2500
Montréal, QC H3B 1R1
Attention: Peter J. Wiazowski
Facsimile No.: (514) 286-5474
E-mail: peter.wiazowski@nortonrosefulbright.com

If to the Trustee:

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montréal, Québec H3A 3S8
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677
E-mail: NoticesCTmontreal@computershare.com

The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to the Trustee) shall be deemed to have been duly given: at the time delivered electronically, if delivered by way of electronic means; at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if sent by facsimile transmission; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery. All notices and communications to the Trustee shall be deemed duly given and effective only upon receipt.

Any notice or communication to a Holder shall be (i) mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next-day delivery to its address shown on the Security Register or (ii) provided by way of electronic means acceptable to the Trustee and the Depository jointly, as applicable. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. Notwithstanding anything to the contrary contained in this Indenture, as long as the Notes are in the form of a Global Note, notice to the Holders shall be made electronically in accordance with procedures of the Depository and shall be sufficiently given if so made in accordance with such procedures.

Notwithstanding any other provisions of this Indenture, the Trustee may, in its sole discretion, agree in writing to accept communications under, and agree to accept and act upon instructions or directions pursuant to, this Indenture sent by e-mail, facsimile transmission or other similar electronic methods, without the requirement for any copy to be sent by facsimile or mailed. If the party elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The party providing electronic communications, notices or instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

If a notice or communication is given in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company gives a notice or communication to Holders, it shall furnish a copy to the Trustee and each Agent at the same time.

Section 12.02. **Applicable Procedures of the Depository.**

Notwithstanding any other provision of this Indenture, where this Indenture or any Note provides for notice or communication of any event (including any notice of redemption) to a Holder of a Global Note (whether by mail or otherwise), any such notice or communication permitted or required to be sent to a Holder of a Global Note may be sent in accordance with the applicable procedures of CDS (or other applicable depository) and shall be sufficiently given if so sent within the time prescribed.

Section 12.03. **Certificate and Opinion as to Conditions Precedent**

Upon any request or application by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee:

- (1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel (other than in the case of the initial issuance under this Indenture, in which case no such opinion shall be required) in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

*Section 12.04. **Statements Required in Certificate or Opinion.***

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (1) a statement that the Person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

With respect to matters of fact, an Opinion of Counsel may rely on an Officers' Certificate, certificates of public officials or reports or opinions of experts.

*Section 12.05. **Rules by Trustee and Agents.***

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

*Section 12.06. **No Personal Liability of Directors, Officers, Employees and Shareholders.***

Subject to any applicable provisions of law which constitute provisions of public order, no past, present or future director, officer, employee, incorporator or shareholder of the Company or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company or of the Subsidiary Guarantors under the Notes, this Indenture, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

*Section 12.07. **Governing Law.***

THE LAWS OF THE PROVINCE OF QUÉBEC AND THE LAWS OF CANADA APPLICABLE THEREIN SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES.

*Section 12.08. **No Adverse Interpretation of Other Agreements.***

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

*Section 12.09. **Successors.***

All covenants and agreements of the Company in this Indenture and the Notes shall bind its successors. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

Section 12.10. **Severability.**

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11. **Conversion of Currency.**

The Company covenants and agrees that the following provisions shall apply to conversion of currency in the case of the Notes and this Indenture.

- (1)
 - (i) If, for the purpose of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into a currency (the “*judgment currency*”) an amount due in any other currency (the “*Base Currency*”), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which the judgment is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).
 - (ii) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Company shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the judgment currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount in the Base Currency originally due.
- (2) In the event of the winding-up of the Company at any time while any amount or damages owing under the Notes and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Company shall indemnify and hold the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in U.S. Dollars or Canadian Dollars, as the case may be, due or contingently due under the Notes and this Indenture (other than under this paragraph (2)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this paragraph (2), the final date for the filing of proofs of claim in the winding-up of the Company shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Company may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.
- (3) The obligations contained in paragraph (1)(ii) and (2) of this Section 12.11 shall constitute obligations of the Company separate and independent from its other respective obligations under the Notes and this Indenture, shall give rise to separate and independent causes of action against the Company, shall apply irrespective of any waiver or extension granted by any Holder or the Trustee or any of them from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Company for a liquidated sum in respect of amounts due hereunder (other than under paragraph (2) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders or the Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Company or the liquidator or otherwise or any of them. In the case of paragraph (2) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.
- (4) The term “rate(s) of exchange” shall mean the rate of exchange quoted by Royal Bank of Canada at its central foreign exchange desk in its head office in Montréal at 12:00 noon (Montréal, Québec time) for purchases of the Base Currency with the judgment currency other than the Base Currency referred to in paragraphs (1)(i) and (ii) above and includes any premiums and costs of exchange payable.

(5) The Trustee shall have no duty or liability with respect to monitoring or enforcing this Section 12.11.

*Section 12.12. **Currency Equivalent***

Except as provided in Section 12.11, for purposes of the construction of the terms of this Indenture or of the Notes, in the event that any amount is stated herein in the currency of one nation (the “*First Currency*”), as of any date such amount shall also be deemed to represent the amount in the currency of any other relevant nation which is required to purchase such amount in the First Currency at the rate of exchange quoted by Royal Bank of Canada at its central foreign exchange desk in its head office in Montréal at 12:00 noon (Montréal, Québec time) on the date of determination.

*Section 12.13. **Privacy Matters***

The Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website, www.computershare.com, or upon request, including revisions thereto.

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals’ personal information (collectively, “*Privacy Laws*”) applies to obligations and activities under this Indenture. None of the parties shall take or direct any action that would contravene applicable Privacy Laws.

The Company agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the collection, use and disclosure of their personal information.

The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws and its Privacy Code.

*Section 12.14. **Counterpart Originals***

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

*Section 12.15. **Table of Contents, Headings, Etc.***

The Table of Contents, Cross-Reference Table and Headings in this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

*Section 12.16. **Trust Indenture Legislation***

(1) In this Article 12, the expression “*indenture legislation*” means the provisions, if any, of any statute of Canada or any province thereof, and of any regulations under any such statute, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures, to the extent that such provisions are in the Opinion of Counsel at the time in force and applicable to this Indenture or the Company.

(2) The Company and the Trustee agree that each will at all times in relation to this Indenture and in relation to any action to be taken hereunder observe and comply with and be entitled to the benefits of the indenture legislation.

(3) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of indenture legislation, such mandatory requirement shall prevail.

*Section 12.17. **Language of Indenture, Etc.***

The parties hereby acknowledge that they have expressly required this Indenture and all amendments thereto to be drawn up in the English language only. Any request, demand, authorization, direction, notice, consent, election or waiver required or permitted under this Indenture shall be in the English or French language. *Les parties reconnaissent avoir expressément demandé que la présente convention de même que tous amendements soient rédigés en anglais seulement.*

*Section 12.18. **Force Majeure.***

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder or other document or agreement entered into in connection herewith arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services. Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

*Section 12.19. **Third Party Interests.***

The Company represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of the Company, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the Company hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

*Section 12.20. **Anti-money Laundering.***

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days written notice to the Company, provided (i) that the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Trustee's satisfaction within such ten (10) day period, then such resignation shall not be effective.

ARTICLE 13.

MEETINGS OF HOLDERS OF NOTES

*Section 13.01. **Purposes for which Meetings may be Called***

A meeting of Holders of Notes may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action authorized by this Indenture to be made, given or taken by Holders of Notes.

Section 13.02. **Call, Notice and Place of Meetings**

- (1) The Trustee may and shall, at the request of the Company or the Holders pursuant to Section 13.02(2) at any time call a meeting of Holders of Notes for any purpose specified in Section 13.01, to be held at such time and at such place in the City of Montréal as the Trustee or, in case of its failure to act, the Company or the Holders calling the meeting, shall determine. Notice of every meeting of Holders of Notes, setting forth the time and the place of such meeting and in general terms the action(s) proposed to be taken at such meeting, shall be given to each Holder of outstanding Notes in the manner provided in this Indenture not less than 21 nor more than 50 days prior to the date fixed for the meeting.
- (2) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 25% in principal amount of the outstanding Notes shall have requested the Trustee to call a meeting of Holders of Notes for any purpose specified in Section 13.01, by written request setting forth in reasonable detail the action(s) proposed to be taken at the meeting, and the Trustee shall not have either given the notice of such meeting or made the publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company, or the Holders of outstanding Notes in the amount above specified, as the case may be, may determine the time and the place in the City of Montréal for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (1) of this Section.

Section 13.03. **Persons Entitled to Vote at Meetings**

To be entitled to vote at any meeting of Holders of Notes, a Person shall be (a) a Holder of one or more outstanding Notes, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more outstanding Notes by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 13.04. **Quorum, Action**

The Persons entitled to vote a majority in principal amount of the outstanding Notes shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Notes, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. Notice of the reconvening of such adjourned meeting shall be given as provided in Section 13.02(1), except that such notice may be given not less than five days prior to the date on which the meeting is scheduled to be reconvened. The quorum at such adjourned meeting shall be the Persons then present and entitled to vote thereat and such quorum shall be expressly stated in such notice of the reconvening of such adjourned meeting.

At a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid, any resolution and all matters (except as provided in Section 9.02 and except as otherwise stated in this Indenture) shall be effectively passed and decided if passed or decided by the Persons entitled to vote a majority in principal amount of outstanding Notes represented and voting at such meeting.

Any resolution passed or decision taken at any meeting of Holders of Notes duly held in accordance with this Article 13 shall (except as limited by Section 9.02) be binding on all the Holders of Notes, whether or not present or represented at the meeting (except in respect of any request, demand, authorization, direction, notice, consent, waiver or other action required, under the terms of this Indenture, to be made, given or taken by Holders of a greater principal amount of outstanding Notes).

Section 13.05. **Determination of Voting Rights; Conduct and Adjournment of Meetings**

- (1) Notwithstanding any other provisions of this Indenture, the Trustee and the chairman of the meeting, or either of them, may make such reasonable regulations as it or he may deem advisable for any meeting or adjourned meeting of Holders of Notes in regard to proof of the holding of Notes and of the appointment of proxies and in regard to the appointment and duties of scrutineers, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it or he shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of any Notes shall be proved in the manner specified in Section 1.05 and the appointment of any proxy shall be proved in the manner specified in said Section 1.05 or by having the signature of the Person executing the proxy witnessed or guaranteed by any trust company, bank, banker or other Person, wherever situated, acceptable to the Trustee. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in said Section 1.05 or other proof.
- (2) The Trustee shall, by an instrument in writing, nominate a chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Notes as provided in Section 13.02(2), in which case the Company, or the Holders of Notes calling the meeting, as the case may be, shall in like manner nominate a chairman.
- (3) At any meeting each Holder of a Note, whether present in person or represented by proxy, shall be entitled to one vote for each \$1,000 principal amount of Notes held by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Note or as the proxy of a Holder of a Note.
- (4) Any meeting of Holders of Notes duly called pursuant to Section 13.02 at which a quorum is present may be adjourned from time to time by a resolution passed at such meeting and the meeting may be held as so adjourned without further notice.

Section 13.06. **Counting Votes and Recording Action of Meetings**

The vote upon any resolution submitted to any meeting of Holders of Notes shall be by written ballots on which shall be subscribed the signatures of the Holders of Notes or of their representatives by proxy and such other information as may be required by the regulations made for the meeting, provided however, that the vote upon any resolution involving matters of a purely procedural nature shall be by way of show of hands. The chairman of the meeting shall appoint a secretary and may appoint a scrutineer or scrutineers to act at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Holders of Notes shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the scrutineers and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 13.02 and, if applicable, Section 13.04. Each copy shall be signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Company and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 13.07. **Distribution of Proxy Materials to Participants**

- (1) For purposes of holding a meeting of Holders where the Book-Entry System is in effect, the Trustee shall promptly notify the Depository 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 21 nor more than 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 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 January 22, 2021.

COMPANY:

VIDEOTRON LTD.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Senior Vice President and Chief Financial Officer

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

SUBSIDIARY GUARANTORS:

VIDÉOTRON INFRASTRUCTURES INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

[3.125% Senior Notes due 2031 – Indenture – Signature Page]

9293-6707 QUÉBEC INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

FIZZ MOBILE & INTERNET INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

9176-6857 QUÉBEC INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

[3.125% Senior Notes due 2031 – Indenture – Signature Page]

9529454 CANADA INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

FIBRENOIRE INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

TÉLÉDISTRIBUTION AMOS INC.

By: /s/ Philippe Cloutier
Name: Philippe Cloutier
Title: Vice President, Finance

By: /s/ Jean-François Parent
Name: Jean-François Parent
Title: Vice President and Treasurer

[3.125% Senior Notes due 2031 – Indenture – Signature Page]

9408-8713 QUÉBEC INC.

By: /s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Vice President, Finance

By: /s/ Jean-François Parent

Name: Jean-François Parent

Title: Vice President and Treasurer

[3.125% Senior Notes due 2031 – Indenture – Signature Page]

TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: /s/ Bianca Kara
Name: Bianca Kara
Title: Corporate Trust Officer

By: /s/ Ekaterini Galouzis
Name: Ekaterini Galouzis
Title: Associate Trust Officer

[3.125% Senior Notes due 2031 – Indenture – Signature Page]

(Face of Note)

3.125% SENIOR NOTES DUE JANUARY 15, 2031

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 January 15, 2031.

Interest Payment Dates: January 15 and July 15, commencing July 15, 2021.

Record Dates: January 1 and July 1.

IN WITNESS WHEREOF, the Company has caused this Note to be signed by its duly authorized officer.

VIDEOTRON LTD.

By: _____
Name:
Title:

This is one of the [Global]
Notes referred to in the
within-mentioned Indenture:

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Trustee

By: _____
Authorized Signatory

Dated _____, 2021

3.125% SENIOR NOTES DUE JANUARY 15, 2031

[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. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]

THIS NOTE AND THE GUARANTEES HEREOF (TOGETHER, THIS “SECURITY”) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN AGREES FOR THE BENEFIT OF VIDEOTRON LTD. (“VIDEOTRON”) NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH VIDEOTRON OR ANY AFFILIATE OF VIDEOTRON WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), EXCEPT (A) TO VIDEOTRON OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATIONS UNDER THE SECURITIES ACT, (D) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT AND IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000 PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION OF THE NOTES IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND, IN EACH CASE SUBJECT TO APPLICABLE STATE OR NON-U.S. LAW AND SUBJECT TO VIDEOTRON’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C), (D) OR (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

CANADIAN RESALES LEGEND:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) JANUARY 22, 2021, AND (II) THE DATE THAT VIDEOTRON LTD. 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 3.125% per annum until maturity. The Company shall pay interest semi-annually in arrears in equal installments (except as noted below) on January 15 and July 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 July 15, 2021. 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 January 22, 2021 to July 15, 2021), interest will be calculated on the basis of the actual number of days elapsed from January 22, 2021 to (but excluding) July 15, 2021 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 January 1 or July 1 immediately preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium, if any, and interest at the office or agency of the Company maintained for such purpose, or, at the option of the Company, payment of interest may be made by cheque mailed to the Holders at their addresses set forth in the Security Register; *provided, however*, that payment by wire transfer of immediately available funds shall be required with respect to principal of and interest and premium on, if any, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts.

3. **Paying Agent and Registrar.** Initially, Computershare Trust Company of Canada, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. **Indenture.** The Company issued the Notes under an indenture dated as of January 22, 2021 (the “*Indenture*”) among the Company, the guarantors party thereto (the “*Subsidiary Guarantors*”) and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. **Optional Redemption.**

- (1) Except as set forth in clauses (2) to (4) of this Section 5, the Notes shall not be redeemable at the option of the Company prior to January 15, 2026. Beginning on January 15, 2026, the Company may redeem all or a part of the Notes, at once or over time, in accordance with Section 3.03 of the Indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon on the Notes redeemed, to (but excluding) the applicable redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date), if redeemed during the twelve-month period commencing on January 15 of the years indicated below:

Redemption Year	Percentage
2026	101.563%
2027	101.042%
2028	100.521%
2029 and thereafter	100.000%

- (2) At any time prior to January 15, 2026, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture, in accordance with Section 3.03 of the Indenture, at a redemption price (expressed as a percentage of principal amount) equal to 103.125% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date) with the net cash proceeds of one or more Equity Offerings; *provided, however*, that (i) at least 60% of the aggregate principal amount of the Notes issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remain outstanding immediately following such redemption and (ii) any such redemption occurs within 90 days of the date of the closing of any such Equity Offering.
- (3) If the Company becomes obligated to pay any Additional Amounts because of a change in the laws or regulations of Canada or any Canadian Taxing Authority, or a change in any official position regarding the application or interpretation thereof, in either case that is publicly announced or becomes effective on or after the Issue Date, the Company may, at any time, redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but excluding) the redemption date, *provided* that any Holder of the Notes may, to the extent that it does not adversely affect the Company's after-tax position, at its option, waive the Company's compliance with the provisions of Section 4.20 of the Indenture with respect to such Holder's Notes; *provided, further*, that if any Holder waives such compliance, the Company may not redeem that Holder's Notes pursuant to Section 3.07(3) of the Indenture.
- (4) Prior to January 15, 2026, the Company may redeem the Notes, in whole or in part, in accordance with Section 3.03 of the Indenture, at a redemption price equal to the greater of (a) the Canada Yield Price and (b) 100% of the aggregate principal amount of Notes to be redeemed, plus, in each case, accrued and unpaid interest thereon to (but excluding) the redemption date.
- (5) Any prepayment pursuant to this Section 5 shall be made in accordance with the provisions of Sections 3.01 through 3.06 of the Indenture.

6. **Mandatory Redemption.** Except as set forth in Sections 4.12 and 4.18 of the Indenture, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to, or offers to purchase, the Notes.

7. **Repurchase at Option of Holder.**

- (1) Within 30 days following any Change of Control Triggering Event, the Company shall give notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and shall make an offer to all Holders to repurchase all (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of such Holders' Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but excluding) the purchase date in accordance with the procedures set forth in Sections 3.09 and 4.18 of the Indenture.
- (2) If the Company or a Restricted Subsidiary consummates any Asset Sales, it shall not be required to apply any Net Proceeds in accordance with the Indenture until the aggregate Excess Proceeds from all Asset Sales following the date the Notes are first issued exceeds US\$100.0 million. Thereafter, the Company shall commence an Asset Sale Offer by applying the Excess Proceeds pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes (including any Additional Notes) that may be purchased out of the Excess Proceeds at an offer price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the Purchase Date in accordance with the procedures set forth in Section 3.09 of the Indenture. To the extent that the aggregate amount of Notes (including Additional Notes) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company (or such Restricted Subsidiary) may apply such deficiency for any purpose not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a *pro rata* basis (subject to Notes being in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof).

8. **Notice of Redemption.** Notices of redemption shall be given at least 10 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than \$1,000 may be redeemed in part but only in integral multiples of \$1,000 in excess thereof, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest shall cease to accrue on Notes or portions thereof called for redemption.

9. **Denominations, Transfer, Exchange.** The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. This Note shall represent the aggregate principal amount of outstanding Notes from time to time endorsed hereon and the aggregate principal amount of Notes represented hereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. The transfer of Notes shall be registered and Notes shall be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 10 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. **Persons Deemed Owners.** The registered Holder of a Note shall be treated as its owner for all purposes. Notwithstanding the foregoing, it is understood that amounts withheld from the registered Holder and the determination of obligations under the Indenture to pay Additional Amounts shall in each case be determined with respect to the ultimate beneficial holder and not the registered Holder.

11. **Amendment, Supplement and Waiver.** Subject to certain exceptions, the Company and the Trustee may amend or supplement the Indenture or the Notes with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, including Additional Notes, if any, voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 of the Indenture, any existing Default or Event of Default (except a continuing Default or Event of Default (i) in the payment of principal, premium, if any, interest or Additional Amounts, if any, on the Notes and (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment) or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes). Without the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to (a) cure any ambiguity, defect or inconsistency; (b) provide for uncertificated Notes in addition to or in place of certificated Notes; (c) provide for the assumption of the obligations of the Company or any Subsidiary Guarantor to Holders in the case of a merger, consolidation, or amalgamation or sale of all or substantially all of the assets of the Company and/or a Subsidiary Guarantor, as the case may be, in accordance with Section 5.01 of the Indenture; (d) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder; (e) add additional guarantees with respect to the Notes or release Subsidiary Guarantors from Subsidiary Guarantees as provided or permitted by the terms of the Indenture; (f) provide for the issuance of Additional Notes in accordance with the Indenture; or (g) conform the text of the Indenture or the Notes to any provision of the “Description of Notes” section in the Final Term Sheet for the Notes, dated January 19, 2021, to the extent that such provision in such “Description of Notes” section was intended to be a verbatim recitation of a provision of the Indenture or the Notes.

12. **Defaults and Remedies.** Each of the following is an Event of Default under the Indenture: (a) default for 30 days in the payment when due of interest on, or with respect to, the Notes; (b) default in payment, when due at Stated Maturity, upon acceleration, redemption, required repurchase or otherwise, of the principal of, or premium on, if any, the Notes; (c) failure by the Company or any Restricted Subsidiary to comply with the provisions of Section 4.12, 4.18 or 5.01 of the Indenture; (d) failure by the Company for 90 days after written notice thereof has been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding, to comply with the provisions of Section 4.03 of the Indenture; (e) failure by the Company or any Restricted Subsidiary for 60 days after written notice thereof has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% of the aggregate principal amount of the Notes outstanding to comply with any of its other covenants or agreements in the Indenture; (f) default under any hypothec, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for borrowed money by the Company or any Restricted Subsidiary, or the payment of which is guaranteed by the Company or any Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default: (i) is caused by a failure to pay principal of, or interest or premium on, if any, such Indebtedness when due at the final maturity of such Indebtedness (a “*Payment Default*”); or (ii) results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$50.0 million or more; (g) failure by the Company or any Restricted Subsidiary to pay final, non-appealable judgments aggregating in excess of US\$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; (h) any Subsidiary Guarantee of a Significant Subsidiary ceases, or the Subsidiary Guarantees of any group of Subsidiaries that, when taken together, would constitute a Significant Subsidiary cease, to be in full force and effect (other than in accordance with the terms of any such Subsidiary Guarantee) or any Subsidiary Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Subsidiary Guarantee, or a group of Subsidiary Guarantors that, when taken together, would constitute a Significant Subsidiary deny or disaffirm their obligations under their respective Subsidiary Guarantees; and (i) certain events of bankruptcy, insolvency or reorganization affecting the Company or any of its Significant Subsidiaries that are Restricted Subsidiaries or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency described in the Indenture, all outstanding Notes shall become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of at least a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest or Additional Amounts, if any) if it determines in good faith that withholding notice is in the interests of the Holders. The Holders of at least a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal, premium, if any, or interest or Additional Amounts, if any. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. **Trustee Dealings with Company.** Subject to certain limitations, the Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Subsidiary Guarantor or any Subsidiary Guarantor or any Affiliate of the Company with the same rights it would have if it were not Trustee.

14. **No Recourse Against Others.** No past, present or future director, officer, employee, incorporator or shareholder of the Company or of any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company or any Subsidiary Guarantor under the Indenture, the Notes, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability.

15. **Authentication.** This Note shall not be valid until authenticated by the manual or electronic signature of the Trustee or an authenticating agent.

16. **CUSIP Numbers.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption or notices of Offers to Purchase as a convenience to Holders. No representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption or notice of an Offer to Purchase and reliance may be placed only on the other identification numbers printed thereon and any such redemption or Offer to Purchase shall not be affected by any defect in or omission of such numbers.

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: Videotron Ltd., 612 Saint-Jacques Street, Montréal, Québec H3C 4M8, Canada, Attention: Corporate Secretary.

17. **Governing Law.** The laws of the Province of Québec and the laws of Canada applicable therein shall govern and be used to construe this Note.

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.12 or 4.18 of the Indenture, check the box below:

- Section 4.12
- Section 4.18

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.12 or Section 4.18 of the Indenture, state the amount you elect to have purchased: \$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

SIGNATURE GUARANTEE:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP.

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

(Insert assignee's social insurance, social security or other tax I.D. no.)

(Print or type assignee's name, address and postal or zip code)

and irrevocably appoint _____
as agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature 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:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized signatory of Trustee or Note Custodian</u>
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EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Videotron Ltd.
612 Saint-Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 3.125% Senior Notes due January 15, 2031

Reference is hereby made to the Indenture, dated as of January 22, 2021 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors party thereto and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ _____ in such Note[s] or interests (the “*Transfer*”), to _____ (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “*1933 Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the 1933 Act.

2. Check if Transferee will take delivery of a beneficial interest in the Canadian Placement Global Note or a Definitive Note pursuant to Regulation S and securities laws in Canada. The Transfer is being effected pursuant to and in accordance with securities laws and regulations in Canada, as applicable, and in accordance with Rule 903 or Rule 904 of Regulation S under the 1933 Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the dealer registration and prospectus requirements under any applicable securities laws in Canada, (ii) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (iii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(a) of Regulation S under the 1933 Act, (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the 1933 Act or applicable securities laws in Canada, (v) if the proposed Transfer is being made prior to the expiration of the Distribution Compliance Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than a “distributor” within the meaning of Regulation S under the 1933 Act) and (vi) if a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Transferor certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Canadian Placement Global Note and/or the Definitive Note and in the Indenture and the 1933 Act.

3. Check and complete if Transferee will take delivery of a Definitive Note pursuant to any provision of the 1933 Act other than Rule 144A or Regulation S (and applicable securities laws and regulations in Canada). The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and (i) the Transfer is in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the dealer registration and prospectus requirements under any applicable securities laws in Canada, and (ii) the Transfer is being effected pursuant to and in accordance with the 1933 Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the 1933 Act;

or

(b) such Transfer is being effected to the Company or a Subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the 1933 Act and in compliance with the prospectus delivery requirements of the 1933 Act;

or

(d) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the 1933 Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation or general advertising within the meaning of Regulation D under the 1933 Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than US\$250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the 1933 Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Definitive Notes and in the Indenture and the 1933 Act.

4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the 1933 Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the 1933 Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the 1933 Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the U.S. Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

In any case under this Item 4 in which a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Transferor certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note, or
 - (ii) Canadian Placement Global Note (CUSIP 92660FAL8),
or
- (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE OF (a), (b) OR (c)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note, or
 - (ii) Canadian Placement Global Note (CUSIP 92660FAL8),
or
 - (iii) Unrestricted Global Note; or
- (b) a Restricted Definitive Note; or
- (c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Videotron Ltd.
612 Saint-Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 3.125% Senior Notes due January 15, 2031

Reference is hereby made to the Indenture, dated as of January 22, 2021 (the “*Indenture*”), among Videotron Ltd., as issuer (the “*Company*”), the Subsidiary Guarantors party thereto and Computershare Trust Company of Canada, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ _____ in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Note and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the United States Securities Act of 1933, as amended (the “*1933 Act*”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Note and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(c) **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner’s Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the beneficial interest is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

(d) **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with applicable securities laws and regulations in Canada and with the 1933 Act, (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required in order to maintain compliance with the 1933 Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture as well as the applicable restrictions on transfer under the 1933 Act and securities laws and regulations in Canada, as applicable.

(b) **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CIRCLE ONE] 144A Global Note, Canadian Placement Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Definitive Note and pursuant to and in accordance with the 1933 Act, and in compliance with applicable securities laws and regulations in Canada and with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture, the 1933 Act and applicable securities laws and regulations in Canada.

In any case under this Item 2 in which a Definitive Note is to be issued in respect of a beneficial interest in a Canadian Placement Global Note, the Owner certifies that either it is not a U.S. person or that it acquired the Notes in a transaction that did not require registration under the 1933 Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Videotron Ltd.
612 Saint Jacques Street
Montréal, Québec H3C 4M8
Canada
Attention: Corporate Secretary

Computershare Trust Company of Canada
Attention: Manager, Corporate Trust Services
Facsimile No.: (514) 982-7677

Re: 3.125% Senior Notes due January 15, 2031

Reference is hereby made to the Indenture, dated as of January 22, 2021 (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 January 22, 2021 (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, 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 October 8, 2019 as supplemented (the “2019 Indenture”), among Videotron Ltd. (“Videotron”), the subsidiary guarantors signatory 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 2019 Indenture); (3) the indenture, dated as of April 13, 2017, as supplemented (the “2017 Indenture”), among Videotron, the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2017 Indenture), (4) the indenture, dated as of September 15, 2015, as supplemented (the “2015 Indenture”), among Videotron, the guarantors thereto and Computershare Trust Company of Canada, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2015 Indenture), (5) the indenture, dated as of April 9, 2014, as supplemented (the “2014 Indenture”), among Videotron, the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2014 Indenture), (6) the indenture, dated as of June 17, 2013, as supplemented (the “2013 Indenture”), among Videotron, the guarantors thereto and Computershare Trust Company of Canada, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Additional Notes” and any “guarantee” of the Additional Notes (in each case, as defined in the 2013 Indenture), (7) the indenture, dated as of March 14, 2012, as supplemented (the “2012 Indenture”), among Videotron, the guarantors thereto and Wells Fargo Bank, National Association, as Trustee, including, without limitation, the “Notes,” the “Subsidiary Guarantees,” the “Exchange Notes,” the “Additional Notes” and any “guarantee” of the Exchange Notes or the Additional Notes (in each case, as defined in the 2012 Indenture), and (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, dated as of January 22, 2021 (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, 3.125% Senior Notes due January 15, 2031 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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List of Subsidiaries of Videotron Ltd.

Name of Subsidiary	Jurisdiction of Incorporation or Organization	Equity Interest/Voting Interest
Videotron Infrastructures Inc.	Canada	100% / 100%
Videotron US Inc.	Delaware	100% / 100%
SETTE inc.	Québec	84.53% / 84.53%
Fibrenoire Inc.	Canada	100% / 100%
Fizz Mobile & Internet Inc.	Québec	100% / 100%

**Certification of the Principal Executive Officer of
Videotron Ltd.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jean-François Pruneau, 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 25, 2021

/s/ Jean-François Pruneau

Name: Jean-François Pruneau

Title: President and Chief Executive Officer

**Certification of the Principal Financial Officer of
Videotron Ltd.
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Philippe Cloutier, Senior Vice President and Chief Financial 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 25, 2021

/s/ Philippe Cloutier

Name: Philippe Cloutier

Title: Senior Vice President and Chief Financial Officer

**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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jean-François Pruneau, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2021

/s/ Jean-François Pruneau _____

Name: Jean-François Pruneau
Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

**Certification of the Principal Financial Officer of
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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Philippe Cloutier, Senior Vice President and Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2021

/s/ Philippe Cloutier _____

Name: Philippe Cloutier

Title: Senior Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.
