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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF AUGUST 2013

VIDEOTRON LTD./VIDÉOTRON LTÉE

(Name of Registrant)

612 St-Jacques, Montreal, Canada, H3C 4M8
(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.]

Form 20-F ☒ Form 40-F ☐

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.]

Yes ☐ No ☒

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): 82-__________.]

Quarterly Report for the Period Ending
June 30, 2013
VIDEOTRON LTD.
Filed in this Form 6-K

Documents index

1- Quarterly report for the period ended June 30, 2013 of Videotron Ltd.

QUARTERLY REPORT
2013 FISCAL YEAR

VIDEOTRON LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six-month Period

January 1, 2013 – June 30, 2013

August 9, 2013

VIDEOTRON LTD.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2013 and 2012
(unaudited)

Condensed consolidated financial statements

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

We, Videotron Ltd. (“Videotron” or the “Corporation”), are a wholly owned subsidiary of Quebecor Media Inc. (“Quebecor Media”), incorporated under the Business Corporations Act (Quebec). We are the largest cable operator in the Province of Quebec and the third-largest in Canada, based on the number of cable customers, as well as being a major cable Internet service and telephony services provider in the Province of Quebec. Videotron’s primary sources of revenue include: subscriptions for cable television, cable Internet access, cable and mobile telephony services, rights and trademarks for the rental and sale of DVDs and video games.

The following Management Discussion and Analysis (“MD&A”) covers the Corporation’s main activities in the second quarter of 2013 and the major changes from the previous financial year.

The Corporation sold its specialized web sites Jobboom and Réseau Contact to its parent corporation on May 31, 2013, for a total consideration of $65.0 million. This transaction resulted in a gain on sale of $38.4 million. The results and cash flows related to these businesses, as well as the gain of $38.4 million on the sale of Jobboom and Réseau Contact, were reclassified as discontinued operations in the consolidated statements of income and cash flows. In this Management Discussion and Analysis, only continuing activities are included in the analysis of operating results.

All amounts are stated in Canadian dollars unless otherwise indicated. This Management Discussion should be read in conjunction with the information in the Corporation’s Annual Report for the financial year ended December 31, 2012 (Form 20-F), which is available on the web site of the U.S. Securities and Exchange Commission at <www.sec.gov>. Due to rounding, minor differences may exist between amounts shown in this MD&A and the condensed consolidated financial statements.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures used by the Corporation to assess its financial performance, such as operating income and average monthly revenue per user (“ARPU”) are not calculated in accordance with, or recognized by International Financial Reporting Standards (“IFRS”). The Corporation’s method of calculating these non-IFRS financial measures may differ from methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

HIGHLIGHTS SINCE MARCH 31, 2013

- During the second quarter of 2013, revenues grew by 4.8%, operating income grew by 7.7% and ARPU grew by 5.9%, all compared to the second quarter of 2012.

- Reflecting the seasonal residential moving period, net additions of 13,000 revenue generating units (RGUs) in the second quarter of 2013 (representing the sum of our cable television, cable Internet, Internet over wireless, cable telephony subscribers, and mobile telephony lines), compared with 31,100 net RGUs added in the same quarter of 2012. Total RGUs were 4,961,400 as of June 30, 2013.

- Net additions of 204,600 RGUs over the last 12 months, compared with 333,400 net RGUs added in the same period in 2012.

- We activated 30,200 net new lines on our advanced mobile network during the quarter, bringing our total mobile customer base to 451,100 activated lines.

- On May 29, 2013, the Corporation and Rogers Communications Partnership announced a 20-year agreement to build out and operate a shared LTE (Long Term Evolution) mobile network in the Province of Québec and in the Ottawa region. Under this agreement, the Corporation and Rogers will share the deployment and operating costs. As well, both parties in the transaction will provide each other with services over a period of 10 years for which the Corporation will receive $93.0 million in total and Rogers $200.0 million in total. In addition to the network sharing agreement and subject to regulations approvals, Videotron will have the option, effective as of January 1, 2014, to sell to Rogers its unused AWS Spectrum licence in the Toronto region for a price of $180.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

- On June 17, 2013, Videotron issued $400.0 million aggregate principal amount of Senior Notes carrying a coupon of 5 5/8% maturing on June 15, 2025. This was the first ever 12 years unsecured notes issued in the Canadian market by a high yield issuer.

- On July 2, 2013, Videotron redeemed US$380.0 million aggregate principal amount of its outstanding 9 1/8% Senior Notes due April 15, 2018.

Operating Income

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

Table 1 below presents a reconciliation of operating income to net income as presented in our condensed consolidated financial statements.

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

	Three-month period ended June 30		Six-month period ended June 30	
	2013	2012 (restated)	**2013**	2012 (restated)
Operating income	**$ 322.1**	$ 299.2	**$ 636.5**	$ 600.0
Amortization	**(138.1)**	(115.9)	**(273.9)**	(229.9)
Financial expenses	**(46.9)**	(45.6)	**(92.6)**	(90.8)
(Loss) gain on valuation and translation of financial instruments	**(133.3)**	29.1	**(136.7)**	92.2
(Loss) gain on debt refinancing	**(18.9)**	–	**(18.9)**	7.6
Restructuring of operations and other special items	**(0.5)**	(0.3)	**(0.5)**	(0.5)
Income tax recovery (expense)	**16.0**	(35.3)	**(6.6)**	(79.6)
Income from discontinued operations	**39.1**	1.9	**41.1**	4.9
Net income	**$ 39.5**	$ 133.1	**$ 148.4**	$ 303.9

Average Monthly Revenue per User

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

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Consolidated Results of Videotron

2013/2012 Second Quarter Comparison

Customer statistics

Cable television – The combined customer base for cable television services decreased by 16,800 (0.9%) in the second quarter of 2013 (compared with a decrease of 16,100 (0.9%) in the second quarter of 2012) (see Table 2). As of June 30, 2013, our cable network had a household penetration rate (number of subscribers as a proportion of the 2,724,000 total homes passed) of 67.3% compared with 68.6% a year earlier.

- The number of subscribers to illico Digital TV stood at 1,502,000 at the end of the second quarter of 2013, an increase of 1,700 or 0.1% during the period (compared with an increase of 7,500 (0.5%) in the second quarter of 2012) and a year-over-year increase of 77,000 (5.4%). As of June 30, 2013, 82.0% of our cable television customers were subscribers to our illico Digital TV services, compared with 77.5% as of June 30, 2012. Illico Digital TV had a household penetration rate of 55.1% as of June 30, 2013, compared with 53.1% as of June 30, 2012.
- The customer base for analog cable television services decreased by 18,500 (5.3%) in the second quarter of 2013 (compared with a decrease of 23,600 customers (5.4%) in the second quarter of 2012) and a year-over-year decrease of 82,500 (20.0%), primarily as a result of customer migration to illico Digital TV.

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,395,400 at the end of the second quarter of 2013, a decrease of 1,900 (0.1%) in the quarter (compared with an increase of 600 (0.04%) during the second quarter of 2012) and a year-over-year increase of 54,300 (4.0%). As of June 30 2013, cable Internet access services had a household penetration rate of 51.2%, compared with 50.0% as of June 30, 2012.

Cable telephony service – The number of subscribers to cable telephony service stood at 1,274,700 at the end of the second quarter of 2013, an increase of 700 (0.1%) in the quarter (compared with an increase of 10,900 (0.9%) in the same quarter of 2012) and a year-over-year increase of 51,300 (4.2%). As of June 30, 2013, the cable telephony service had a household penetration rate of 46.8%, compared with 45.6% as of June 30, 2012.

Mobile telephony service – As of June 30, 2013, 451,100 lines were activated on our mobile telephony service, an increase of 30,200 (7.2%) in the quarter (compared with an increase of 34,800 (11.1%) in the same quarter of 2012) and a year-over-year increase of 103,500 (29.8%).

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

	June 13	March 13	Dec. 12	Sept. 12	June 12	March 12	Dec. 11	Sept. 11
Cable television:								
Analog	**330.4**	348.9	370.4	395.1	412.9	436.5	460.7	496.1
Digital	**1,502.0**	1,500.3	1,484.6	1,457.8	1,425.0	1,417.5	1,400.8	1,348.1
Total cable television	**1,832.4**	1,849.2	1,855.0	1,852.9	1,837.9	1,854.0	1,861.5	1,844.2
Cable Internet	**1,395.4**	1,397.3	1,387.7	1,369.6	1,341.1	1,340.5	1,332.5	1,306.4
Internet over wireless	**7.8**	7.0	7.1	7.4	6.8	5.9	5.6	5.2
Cable telephony	**1,274.7**	1,274.0	1,264.9	1,249.7	1,223.4	1,212.5	1,205.3	1,179.4
Mobile telephony (in thousands of lines)	**451.1**	420.9	402.6	378.3	347.6	312.8	290.6	258.1
Revenue generating units (RGUs)	**4,961.4**	4,948.4	4,917.3	4,857.9	4,756.8	4,725.7	4,695.5	4,593.3

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues: $677.9 million, an increase of $30.8 million (4.8%) compared with the second quarter of 2012.

Revenues from cable television services increased by $3.5 million (1.3%) to $271.4 million. This growth was primarily due to price increases, higher rental revenues from our set-top boxes, the migration of customers from analog to digital services, and an increase in subscribers to our High Definition packages.

Revenues from Internet access services increased by $12.5 million (6.5%) to $204.0 million. The improvement was mainly due to average customer growth, the success of illico Club Unlimited introduced in the first quarter of 2013 and increasing sales to third party Internet services providers.

Revenues from cable telephony service increased by $6.4 million (5.7%) to $119.5 million. This increase was mainly due to customer growth and price increases.

Revenues from mobile telephony services increased by $12.2 million (29.9%) to $53.1 million, essentially due to customer growth.

Revenues from business solutions increased by $0.3 million (1.6%) to $16.0 million.

Revenues from sales of customer premises equipment decreased by $2.6 million (23.8%) to $8.3 million, due to customers opting for set-top box rental.

Other revenues, comprised of revenues from La Sette and SuperClub Vidéotron decreased by $1.5 million (21.0%) to $5.7 million. During the quarter, we sold our job search web site Jobboom and dating web site Reseau Contact to our parent corporation for a total consideration of $65.0 million. Revenues from the two entities are presented under Income from discontinued operations.

Monthly combined ARPU: $117.24 in the second quarter of 2013, compared with $110.75 in the same quarter of 2012, an increase of $6.49 (5.9%). This growth is mainly explained by an increase in customers subscribing to two or more services and price increases in television, Internet services and cable telephony.

Operating income: $322.1 million in the second quarter of 2013, an increase of $22.9 million (7.7%) compared to the same quarter of 2012.

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

  Partially offset by:
  - increase in losses on the sale of mobile customer equipment. The acquisition cost per new subscriber connection on our 4G network is $495; and
  - increase in employee costs.

Purchase of goods and services, expressed as a percentage of revenues: 38.5% in the second quarter of 2013 compared with 40.0% in the same quarter of 2012.

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

Employee costs, expressed as a percentage of revenues: 14.0% in the second quarter of 2013 compared with

13.8% in the same quarter of 2012.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Amortization charge: $138.1 million, an increase of $22.2 million (19.2%) compared with the same quarter of 2012.

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

Financial expenses (Primarily comprised of cash interest expense on outstanding debt): $46.9 million in the second quarter of 2013, an increase of $1.3 million (2.9%) compared with the same quarter of 2012.

- The increase was mainly due to:
  - $0.9 million increase in interest expenses, due to higher indebtedness; and
  - $0.4 million increase in loss on foreign currency translation on short-term monetary assets and other items.

Gain or loss on valuation and translation of financial instruments: $133.3 million loss in the second quarter of 2013, compared with a $29.1 million gain in the same quarter of 2012, an unfavourable variance of $162.4 million.

- The increase was mainly due to:
  - $67.4 million variance due to an unfavourable change in the fair value of early settlement options as a result of interest rate and credit premium fluctuations; and
  - $67.0 million negative variance due to the reversal of the early redemption option previously recognized at fair value on the balance sheet.

Gain or loss on debt refinancing: $18.9 million loss in the second quarter of 2013.

- On June 3, 2013, the Corporation issued a notice for the redemption of US$380.0 million in aggregate principal amount of its issued and outstanding 9.125% Senior Notes due April 15, 2018 at a redemption price of 104.563% of their principal amount. As a result, a total loss of $18.9 million was recorded in the consolidated statement of income in the second quarter of 2013, including a gain of $6.5 million previously recorded in other comprehensive income. As of June 30, 2013, the aggregate principal amount of Senior Notes redeemed was reclassified in the current portion of long-term debt. Cash and cash equivalents as of June 30, 2013 include an amount of US$399.0 million that was transferred to the trustee on June 28, 2013 as per the indenture redemption conditions. On July 2, 2013, the Senior Notes were redeemed for a total cash consideration of $419.2 million.

Income tax recovery: $16.0 million (effective tax rate of -102.3%) in the second quarter of 2013, compared with a $35.3 million tax expense (effective tax rate of 21.2%) in the same quarter of 2012.

- The decrease of $51.3 million was mainly due to:
  - $49.0 million related to the decrease in taxable income mainly due to the impact of embedded derivatives.

  Partially offset by:

  - $2.3 million related to non-taxable items, items deductible at a lower tax rate, and other items.

Net income attributable to shareholder: $39.5 million, a decrease of $93.5 million (70.3%).

- The decrease was mainly due to:
  - $162.4 million variance in gain or loss on valuation and translation of financial instruments;

- $18.9 million increase in loss on debt refinancing;
- $22.2 million increase in amortization; and
- $1.3 million increase in financial expenses.

Partially offset by:

- $51.3 million decrease in income taxes;
- $22.9 million increase in operating income; and
- $37.2 million increase in income from discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS

2013/2012 Year-to-date Comparison

Revenues: $1,342.4 million, an increase of $53.9 million (4.2%) compared with the same period of 2012.

Revenues from cable television services increased by $7.4 million (1.4%) to $543.4 million. This increase was primarily due to price increases, higher rental revenues from our set-top boxes, the migration of customers from analog to digital services, and an increase in subscribers to our High Definition packages.

Revenues from Internet access services increased by $19.6 million (5.1%) to $402.4 million. The improvement was mainly due to average customer growth, the success of illico Club Unlimited introduced in the first quarter of 2013 and increasing sales to third party Internet services providers.

Revenues from cable telephony service increased by $10.4 million (4.6%) to $235.2 million. This increase was mainly due to customer growth and price increases.

Revenues from mobile telephony services increased by $24.6 million (31.3%) to $103.0 million, essentially due to customer growth.

Revenues from business solutions decreased by $0.8 million (2.6%) to $31.8 million.

Revenues from sales of customer premises equipment decreased by $4.0 million (20.6%) to $15.3 million.

Other revenues, comprised of revenues from La Sette and SuperClub Vidéotron decreased by $3.4 million (22.9%) to $11.3 million. During the quarter, we sold our job search web site Jobboom and dating web site Reseau Contact to our parent corporation for a total consideration of $65.0 million. Revenues from the two entities are presented under Income from discontinued operations.

Monthly combined ARPU: $115.86 for the six-month period of 2013, compared with $109.98 in the same period of 2012, an increase of $5.88 (5.3%). This growth is mainly explained by an increase in customers subscribing to two or more services and price increases in television, Internet services and cable telephony services.

Operating income: $636.5 million for the six-month period of 2013, an increase of $36.5 million (6.1%) compared to the same period of 2012.

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

  Partially offset by:
  - increase in losses on the sale of mobile customer equipment. The acquisition cost per new subscriber connection on our 4G network is $495.
  - increase in employee costs.

Purchase of goods and services, expressed as a percentage of revenues: 38.4% for the six-month period of 2013 compared with 39.5% in the same period of 2012.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Employee costs, expressed as a percentage of revenues: 14.2% for the six-month period of 2013 compared with 14.0% in the same period of 2012.

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

Amortization charge: $273.9 million, an increase of $44.0 million (19.1%) compared with the same period of 2012.

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

Financial expenses (Primarily comprised of cash interest expense on outstanding debt): $92.6 million for the six-month period of 2013, an increase of $1.8 million (2.0%) compared with the same period of 2012.

- The increase was mainly due to:
  - $3.0 million increase in interest expenses, due to higher indebtedness; and
  - $0.3 million increase in other items.

  Partially offset by:
  - $1.5 million decrease in loss on foreign currency translation on short-term monetary assets.

Gain or loss on valuation and translation of financial instruments: $136.7 million loss for the six-month period of 2013, compared with a $92.2 million gain in the same period of 2012, an unfavourable variance of $228.9 million.

- The increase was mainly due to:
  - $70.6 million variance due to an unfavourable change in the fair value of early settlement options as a result of interest rate and credit premium fluctuations; and
  - $67.0 million negative variance due to the reversal of the early redemption option previously recognized at fair value on the balance sheet.

Gain or loss on debt refinancing: $18.9 million loss for the six-month period of 2013, compared with a $7.6 million gain in the same period of 2012, an unfavourable variance of $26.5 million.

- On June 3, 2013, the Corporation issued a notice for the redemption of US$380.0 million in aggregate principal amount of its issued and outstanding 9.125% Senior Notes due April 15, 2018 at a redemption price of 104.563% of their principal amount. As a result, a total loss of $18.9 million was recorded in the consolidated statement of income in the second quarter of 2013, including a gain of $6.5 million previously recorded in other comprehensive income. As of June 30, 2013, the aggregate principal amount of Senior Notes redeemed was reclassified in the current portion of long-term debt. Cash and cash equivalents as of June 30, 2013 include an amount of US$399.0 million that was transferred to the trustee on June 28, 2013 as per the indenture redemption conditions. On July 2, 2013, the Senior Notes were redeemed for a total cash consideration of $419.2 million.

Income tax expense: $6.6 million (effective tax rate of 5.8%) for the six-month period of 2013, compared with a $79.6 million tax expense (effective tax rate of 21.0%) in the same period of 2012.

- The decrease of $73.0 million was mainly due to:

- $71.2 million related to the decrease in taxable income mainly due to the impact of embedded derivatives; and
- $1.8 million related to non-taxable items, items deductible at a lower tax rate, and other items.

Net income attributable to shareholder: $148.4 million, a decrease of $155.4 million (51.1%).

- The decrease was mainly due to:
  - $228.9 million variance in gain or loss on valuation and translation of financial instruments;

MANAGEMENT DISCUSSION AND ANALYSIS

- $26.5 million variance in loss on debt refinancing;
- $44.0 million increase in amortization; and
- $1.8 million increase in financial expenses.

Partially offset by:

- $73.0 million decrease in income taxes;
- $36.5 million increase in operating income; and
- $36.4 million increase in income from discontinued operations.

CASH FLOW AND FINANCIAL POSITION

This section provides an analysis of sources and uses of cash flows, as well as an analysis of our financial position as of the balance sheet date.

Operating Activities

Second quarter 2013

Cash flows provided by continuing operating activities: $243.2 million in the second quarter of 2013, compared with $267.5 million in the same quarter of 2012, a decrease of $24.2 million (9.1%).

- The decrease was mainly due to:
  - $32.5 million unfavourable variance in non-cash balances related to operations, mainly due to a $38.4 million increase in inventories; partially offset by $5.9 million variance in other assets and liabilities; and
  - $10.1 million increase in current income tax expenses.

  Partially offset by:

  - $22.9 million increase in operating income.

Year-to-date

Cash flows provided by continuing operating activities: $416.0 million in the first six months of 2013, compared with $544.1 million in the same period of 2012, a decrease of $128.1 million (23.5%).

- The decrease was mainly due to:
  - $122.4 million unfavourable variance in non-cash balances related to operations, mainly due to a $11.0 million increase in accounts receivable; a $18.2 million increase of the net variation in accounts receivable and payable to affiliated corporations; a $46.1 million increase in inventories; and a $66.1 million decrease in accounts payable; partially offset by a $15.1 million increase in income taxes payable and a $3.9 million variance in other assets and liabilities; and
  - $37.3 million increase in current income tax expenses.

  Partially offset by:

  - $36.5 million increase in operating income.

Working capital: Negative $404.8 million as of June 30, 2013 compared with negative $236.5 million as of December 31, 2012. The difference mainly reflects the reclassification to short-term liabilities of US$380.0 million in aggregate principal amount of 9.125% Senior Notes due April 2018 that were redeemed on July 2, 2013 and of derivative financial instruments due in January 2014, and the increase in income taxes payable, partially offset by the increase in cash and cash equivalents provided mainly by the issuance of $400.0 million in aggregate principal amount of Senior Notes, the increase in mobile handset inventories to meet customer demand, the increase in prepaid expenses, and the decrease in accounts payable and accrued charges.

MANAGEMENT DISCUSSION AND ANALYSIS

Investing Activities

Second quarter 2013

Additions to fixed assets: $126.8 million in the second quarter of 2013 compared with $161.5 million in the same quarter of 2012. The variance is mainly due to a slower pace in 4G network and landline network investments following the significant expenditures made in previous years.

Additions to intangible assets: $10.8 million in the second quarter of 2013, compared with $14.6 million in the same quarter of 2012.

Year-to-date

Additions to fixed assets: $272.4 million in the first six months of 2013 compared with $345.0 million in the same period of 2012. The variance is mainly due to a slower pace in 4G network and landline network investments following the significant expenditures made in previous years.

Additions to intangible assets: $23.8 million in the first six months of 2013, compared with $33.1 million in the same period of 2012.

Net proceeds from business disposal: In the second quarter of 2013, $45.3 million net proceeds from the sale of the specialized web sites Jobboom.com and réseaucontact.com.

Financing Activities

Consolidated debt (long-term debt plus bank borrowings): $632.6 million increase during the first six months of 2013.

- Summary of debt increases during the first six months of 2013:
  - issuance, on June 17, 2013, of $400.0 million aggregate principal amount of Senior Notes for net proceeds of $394.8 million, net of financing fees of $5.2 million. The Notes bear interest at 5.625% per annum and mature on June 15, 2025;
  - $95.7 million unfavourable impact of exchange rate fluctuations; and
  - $137.6 million increase in debt due to an unfavourable variance in the fair value of embedded derivatives, resulting mainly from interest rate and credit premium fluctuations, in addition to the utilization of the early redemption option of the 9.125% Senior Notes to be redeemed on July 2, 2013.
- Summary of debt reductions during the same period:
  - repayment of $5.4 million of borrowings under a bank credit facility.

Dividends: Net increase of $186.8 million in cash distributions to our parent corporation in the second quarter of 2013 compared with the same quarter of 2012. Net decrease of $123.3 million in cash distributions to our parent corporation in the first six months of 2013 over the corresponding period of 2012.

Assets and liabilities related to derivative financial instruments: Net liability of $165.4 million as of June 30, 2013, compared with a net liability of $231.2 million as of December 31, 2012, a $65.8 million favourable variance.

- The variance was mainly due to:
  - favourable net impact of exchange rate.

  Partially offset by:
  - unfavourable interest rate fluctuations on the value of derivative financial instruments; and
  - unfavourable settlement of hedging contracts related to the 9,125% Senior Notes due April 2018

that were redeemed on July 2, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position as of June 30, 2013

Net available liquid assets: $967.6 million for the Corporation and its wholly owned subsidiaries, consisting of $392.6 million in cash and cash equivalents and $575.0 million in unused availabilities under credit facilities excluding the redemption, on July 2, 2013 of US$380.0 million aggregate principal amount of 9.125% Senior Note maturing on April 15, 2018.

Consolidated debt (long-term debt plus bank borrowings): $2,759.6 million as of June 30, 2013, an increase of $632.6 million; $65.8 million favourable net variance in assets and liabilities related to derivative financial instruments (see "Financing Activities" above).

As of June 30, 2013, mandatory debt repayments on the Corporation's long-term debt in the coming years are as follows:

Table 3
Mandatory debt repayments on Videotron's long-term debt
Twelve-month period ending June 30
(in millions of dollars)

2013	$ 410.4
2014	10.7
2015	194.6
2016	10.7
2017	359.9
2018 and thereafter	1,841.5
Total	**$2,827.8**

The weighted average term of Videotron's consolidated debt was approximately 7.4 years as of June 30, 2013, pro-forma the redemption of 9.125% Senior Note on July 2, 2013 (6.8 years as of December 31, 2012). As of June 30, 2013, the debt, pro-forma the redemption of 9.125% Senior Note on July 2, 2013, consisted of approximately 83.4% fixed-rate debt (83.1% as of December 31, 2012) and 16.6% floating-rate debt (16.9% as of December 31, 2012).

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

Distributions to our shareholder: We paid $276.8 million in dividends to our shareholder, Quebecor Media, in the second quarter of 2013, compared with total cash distributions of $90.0 million in the same quarter of 2012. We expect to make cash distributions to our shareholder in the future, as determined by our Board of Directors, and within the limits set by the terms of our indebtedness and applicable laws.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Consolidated Balance Sheets as of June 30, 2013

Table 4
Consolidated Balance Sheets of Videotron
Analysis of significant variances between June 30, 2013 and December 31, 2012
(in millions of dollars)

	June 30, 2013	December 31, 2012	Variance	Variance detail
Assets				
Cash and cash equivalents	**$ 393.9**	$ 164.1	$ 229.8	Cash inflows provided by operating and financial activities following the issuance of senior notes on June 17, 2013 less outflows related to investing activities
Inventories	**120.2**	95.5	24.7	Increase in inventory levels of 4G mobile equipment.
Intangible assets	**645.4**	685.3	(39.9)	Amortization of 4G licences, partially offset by acquisition of software and licences
Liabilities				
Accounts payable and accrued charges	**368.6**	469.6	(101.0)	Impact of current variances in activity
Income taxes	**56.4**	26.4	30.0	Increase in taxable income
Deferred income taxes	**483.9**	522.6	(38.7)	Decrease in temporary differences mainly related to financial instruments
Derivative financial instruments(1)	**165.4**	231.2	(65.8)	Favourable net impact of exchange rate and interest rate fluctuations and impact of the settlement of certain hedging contracts
Long-term debt, including short-term portion	**2,759.6**	2,127.1	632.5	Issuance of $400.0 million aggregate principal amount of Senior Notes, negative impact of exchange rate fluctuations, unfavourable variance in fair value of embedded derivatives and of early redemption option

(1) Current and long-term liabilities less long-term assets

MANAGEMENT DISCUSSION AND ANALYSIS

ADDITIONAL INFORMATION

Contractual Obligations and Other Commercial Commitments

As of June 30, 2013, our material contractual obligations included capital repayment and interest on long-term debt, operating lease arrangements, capital asset purchases and other commitments, and obligations related to derivative financial instruments.

Table 5 below shows a summary of our contractual obligations.

Table 5
Contractual obligations of the Corporation
Payments due by period as of June 30, 2013
(in millions of dollars)

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Contractual obligations[1]					
Accounts payable and accrued charges	**$ 368.6**	$ 368.6	$ –	$ –	$ –
Amounts payable to affiliated corporations	**31.9**	31.9	–	–	–
Bank credit facility	**53.6**	10.7	21.4	21.5	–
6 3/8% Senior Notes due December 15, 2015	**183.9**	–	183.9	–	–
9 1/8% Senior Notes due April 15, 2018	**748.9**	399.7	–	349.2	–
7 1/8% Senior Notes due January 15, 2020	**300.0**	–	–	–	300.0
6 7/8% Senior Notes due July 15, 2021	**300.0**	–	–	–	300.0
5 % Senior Notes due July 15, 2022	**841.4**	–	–	–	841.4
5 5/8% Senior Notes due June 15, 2025	**400.0**	–	–	–	400.0
Interest payments[2]	**1,228.0**	132.6	324.1	298.1	473.2
Derivative financial instruments[3]	**145.0**	103.5	22.1	61.3	(41.9)
Lease commitments	**176.4**	36.2	45.1	28.3	66.8
Services and capital equipment commitments	**280.7**	41.7	63.5	50.9	124.6
Total contractual cash obligations	**$5,058.4**	**$ 1,124.9**	**$660.1**	**$809.3**	**$2,464.1**

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

2 Estimate of interest to be paid on long-term debt is based on hedged and unhedged interest rates and hedged foreign exchange rates as of June 30, 2013.

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

Related Party Transactions

The following describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. We believe that each of the transactions described below was on terms no less favourable to Videotron than could have been obtained from independent third parties.

Operating transactions

In the second quarter of 2013, the Corporation and its subsidiaries made purchases and incurred rent charges from the parent and affiliated corporations in the amount of $19.3 million ($23.4 million in the same quarter of 2012), which are included in purchase of goods and services. Videotron and its subsidiaries made sales to the parent and affiliated corporations in the amount of $3.3 million ($3.6 million in the same quarter of 2012).

During the first six months of 2013, the Corporation and its subsidiaries made purchases and incurred rent charges from the parent and affiliated corporations in the amount of $36.2 million ($43.3 million in the same period of 2012), which are included in purchase of goods and services. Videotron and its subsidiaries made sales to the parent and affiliated corporations in the amount of $6.2 million ($7.9 million in the first six months of 2012). These transactions were concluded and accounted for at the settlement amount.

MANAGEMENT DISCUSSION AND ANALYSIS

Management arrangements

Videotron has entered into management arrangements with its parent corporation. Under these management arrangements, the parent corporation provides management services on a cost-reimbursement basis.

In the second quarter of 2013, Videotron incurred management fees of $11.4 million ($8.7 million in the second quarter of 2012) with its parent corporation. During the first six months of 2013, Videotron incurred management fees of $22.7 million ($17.4 million in the first six months of 2012).

Financial Instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, accounts payable and accrued charges, provisions, long-term debt, and derivative financial instruments.

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

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 value.

The carrying value and fair value of long-term debt and derivative financial instruments as of June 30, 2013 and December 31, 2012 are as follows:

Table 6
Fair value of long-term debt and derivative financial instruments
(in millions of dollars)

	June 30, 2013		December 31, 2012	
	Carrying value	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$(2,827.8)**	**$ (2,872.2)**	$(2,333.0)	$ (2,484.0)
Derivative financial instruments				
Early settlement options	**39.0**	**39.0**	178.2	178.2
Foreign exchange forward contracts[2]	**3.4**	**3.4**	0.2	0.2
Cross-currency interest rate swaps[2]	**(168.8)**	**(168.8)**	(231.4)	(231.4)

[1] The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to embedded derivatives and financing fees.

[2] The value of foreign exchange forward contracts entered into to reverse existing hedging positions is netted from the value of the offset financial instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

The loss (gain) on valuation and translation of financial instruments for the three months and six months ended June 30, 2013 and 2012 is summarized in the following table.

Table 7
Loss (gain) on valuation and translation of financial instruments
(in millions of dollars)

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Loss (gain) on embedded derivatives	**$ 67.4**	$ (28.8)	**$ 70.6**	$ (96.0)
Loss on reversal of embedded derivative upon debt redemption	**67.0**	–	**67.0**	6.3
Loss (gain) on derivative financial instruments for which hedge accounting is not used	**0.4**	(0.3)	**0.6**	(2.5)
Gain on the ineffective portion of cash flow hedges	**(1.5)**	–	**(1.5)**	–
	$ 133.3	$ (29.1)	**$ 136.7**	$ (92.2)

A loss of $7.7 million was recorded under other comprehensive income in the second quarter of 2013 in relation to cash flow hedging relationships (gain of $7.5 million in the same quarter of 2012). For the six months ended June 30, 2013, a loss of $18.7 million was recorded (gain of $13.8 million in the corresponding period of 2012).

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 period-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments is estimated using valuation models that 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 instruments, by applying a credit default premium estimated using a combination of observable and unobservable inputs in the market to a net exposure by the counterparty or by the Corporation.

The fair value of early settlement options recognized as embedded derivatives is determined by option pricing models, including volatility and discount factors.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in Accounting Policies

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

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

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

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

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

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

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

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

Consolidated statement of income
(in thousands of dollars)

Increase (decrease)	**Three months ended June 30, 2012**	Six months ended June 30, 2012
Employee costs	**$ 32**	$ 64
Financial expenses	**870**	1,740
Deferred income tax	**(242)**	(484)
Income from continuing operations	**$ (660)**	$ (1,320)
Income from continuing operations attributable to:		
Shareholder	**$ (660)**	$ (1,320)
Non-controlling interests	**–**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated balance sheets
(in thousands of dollars)

Increase (decrease)	December 31, 2012	December 31, 2011
Retained earnings	$ 35,914	$ 27,821
Accumulated other comprehensive loss	(35,914)	(27,821)

MANAGEMENT DISCUSSION AND ANALYSIS

Cautionary Statement Regarding Forward-Looking Statement

This quarterly report contains forward-looking statements with respect to our financial condition, results of operations, our 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 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 be 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 4G network and facilities-based mobile offering;
- general economic, financial or market conditions;
- the intensity of competitive activity in the industries in which we operate;
- new technologies that would change consumer behaviour towards our product suite;
- unanticipated higher capital spending required to deploy our network or to address continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of our business;
- our ability to implement our business and operating strategies successfully and manage our growth and expansion;
- disruptions to the network through which we provide our digital television, Internet access and telephony services, and our ability to protect such services from piracy;
- labour disputes or strikes;
- changes in our ability to obtain services and equipment critical to our operations;
- changes in laws and regulations, or in their interpretation, which could result, among other things, in the loss (or reduction in value) of our licences 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 in the annual report on Form 20-F, under “Item 3. Key information – Risk Factors.” Each of these forward-looking statements speaks only as of the date of this report. We will not update these statements unless 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).

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands of Canadian dollars)
(unaudited)

	Note	Three months ended June 30 2013	Three months ended June 30 2012 (restated, note 2)	Six months ended June 30 2013	Six months ended June 30 2012 (restated, note 2)
Revenues					
Cable television		**$ 271,409**	$ 267,894	**$ 543,362**	$ 535,919
Internet		**203,980**	191,468	**402,402**	382,824
Cable telephony		**119,510**	113,101	**235,222**	224,808
Mobile telephony		**53,066**	40,859	**103,017**	78,436
Business solutions		**15,987**	15,733	**31,779**	32,617
Equipment sales		**8,330**	10,931	**15,276**	19,240
Other		**5,656**	7,164	**11,303**	14,654
		677,938	647,150	**1,342,361**	1,288,498
Employee costs	3	**94,936**	89,013	**189,919**	180,094
Purchase of goods and services	3	**260,881**	259,046	**515,870**	508,397
Amortization		**138,113**	115,888	**273,886**	229,921
Financial expenses	4	**46,905**	45,595	**92,636**	90,816
Loss (gain) on valuation and translation of financial instruments	5	**133,302**	(29,130)	**136,749**	(92,238)
Loss (gain) on debt refinancing	8	**18,912**	–	**18,912**	(7,608)
Restructuring of operations and other special items		**493**	277	**493**	484
(Loss) income before income taxes		**(15,604)**	166,461	**113,896**	378,632
Income taxes (recovery)					
Current		**24,037**	13,896	**51,364**	14,067
Deferred		**(40,002)**	21,424	**(44,777)**	65,560
		(15,965)	35,320	**6,587**	79,627
Income from continuing operations		**361**	131,141	**107,309**	299,005
Income from discontinued operations	6	**39,139**	1,925	**41,125**	4,850
Net income		**$ 39,500**	$ 133,066	**$ 148,434**	$ 303,855
Net income from continuing operations attributable to:					
Shareholder		**$ 322**	$ 131,101	**$ 107,210**	$ 298,909
Non-controlling interests		**39**	40	**99**	96
Net income attributable to:					
Shareholder		**$ 39,461**	$ 133,026	**$ 148,335**	$ 303,759
Non-controlling interests		**39**	40	**99**	96

See accompanying notes to condensed consolidated financial statements.

VIDEOTRON LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)
(unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2013	2012	**2013**	2012
			(restated, note 2)		(restated, note 2)
Net income		**$39,500**	$133,066	**$148,434**	$303,855
Other comprehensive (loss) income:					
Items that may be reclassified to income :					
Cash flows hedges:					
(Loss) gain on valuation of derivative financial instruments		**(1,160)**	7,487	**(12,189)**	9,688
Deferred income taxes		**(2,010)**	(2,663)	**(2,321)**	1,560
Reclassification to income:					
(Gain) loss related to cash flow hedges	8	**(6,516)**	–	**(6,516)**	4,065
Deferred income taxes		**199**	–	**199**	(1,500)
		(9,487)	4,824	**(20,827)**	13,813
Comprehensive income		**$30,013**	$137,890	**$127,607**	$317,668
Comprehensive income attributable to:					
Shareholder		**$29,974**	$137,850	**$127,508**	$317,572
Non-controlling interests		**39**	40	**99**	96

See accompanying notes to condensed consolidated financial statements.

VIDEOTRON LTD.

CONSOLIDATED STATEMENTS OF EQUITY

(in thousands of Canadian dollars)
(unaudited)

	Equity attributable to shareholder				
	Capital stock (note 9)	Retained earnings	Accumulated other comprehensive loss (note 11)	Equity attributable to non-controlling interests	Total equity
Balance as of December 31, 2011	**$ 3,401**	**$ 1,034,891**	**$ (33,065)**	**$ 1,314**	**$1,006,541**
Net income	–	303,759	–	96	303,855
Other comprehensive income	–	–	13,813	–	13,813
Dividends	–	(480,000)	–	–	(480,000)
Balance as of June 30, 2012	**3,401**	**858,650**	**(19,252)**	**1,410**	**844,209**
Net income	–	224,509	–	128	224,637
Other comprehensive income	–	–	226	–	226
Acquisition of a non-controlling interest	–	–	–	(38)	(38)
Dividends	–	(280,000)	–	(463)	(280,463)
Balance as of December 31, 2012	**3,401**	**803,159**	**(19,026)**	**1,037**	**788,571**
Net income	–	148,335	–	99	148,434
Other comprehensive loss	–	–	(20,827)	–	(20,827)
Dividends	–	(356,750)	–	(154)	(356,904)
Balance as of June 30, 2013	**$ 3,401**	**$ 594,744**	**$ (39,853)**	**$ 982**	**$ 559,274**

See accompanying notes to condensed consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)
(unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	**2013**	2012 (restated, note 2)	**2013**	2012 (restated, note 2)
Cash flows related to operating activities					
Net income from continuing operations		**$ 361**	$ 131,141	**$ 107,309**	$ 299,005
Adjustments for:					
Amortization of fixed assets		**111,080**	91,624	**220,098**	182,431
Amortization of intangible assets		**27,033**	24,264	**53,788**	47,490
Loss (gain) on valuation and translation of financial instruments	5	**133,302**	(29,130)	**136,749**	(92,238)
Amortization of financing costs and long-term debt premium or discount	4	**1,464**	1,418	**2,905**	2,832
Deferred income taxes		**(40,002)**	21,424	**(44,777)**	65,560
Loss (gain) on debt refinancing	8	**18,912**	–	**18,912**	(7,608)
Other		**(2,094)**	1,039	**251**	3,456
		250,056	241,780	**495,235**	500,928
Net change in non-cash balances related to operating activities		**(6,812)**	25,697	**(79,237)**	43,205
Cash flows provided by continuing operating activities		**243,244**	267,477	**415,998**	544,133
Cash flows related to investing activities					
Additions to fixed assets		**(126,778)**	(161,548)	**(272,365)**	(344,999)
Additions to intangible assets		**(10,805)**	(14,565)	**(23,756)**	(33,062)
Net proceeds from business disposal	6	**45,250**	–	**45,250**	–
Other		**9,598**	1,183	**10,495**	2,346
Cash flows used in continuing investing activities		**(82,735)**	(174,930)	**(240,376)**	(375,715)
Cash flows related to financing activities					
Issuance of long-term debt, net of financing fees	8	**394,820**	–	**394,820**	787,571
Financing costs		**(814)**	–	**(814)**	–
Repayment of long-term debt	8	**–**	–	**–**	(394,094)
Dividends		**(276,750)**	(90,000)	**(356,750)**	(480,000)
Settlement of hedging contracts		**14,775**	(3,380)	**18,545**	(3,380)
Net borrowings under bank credit facility	8	**(5,357)**	(5,357)	**(5,357)**	(5,357)
Other		**(154)**	–	**(154)**	(37)
Cash flows provided by (used in) continuing financing activities		**126,520**	(98,737)	**50,290**	(95,297)
Net change in cash and cash equivalents from continuing operations		**287,029**	(6,190)	**225,912**	73,121
Cash flows provided by discontinued operations		**2,381**	4,621	**3,864**	7,179
Cash and cash equivalents at beginning of period		**104,497**	176,885	**164,131**	95,016
Cash and cash equivalents at end of period		**$ 393,907**	$ 175,316	**$ 393,907**	$ 175,316

VIDEOTRON LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(in thousands of Canadian dollars)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Additional information on the consolidated statements of cash flows				
Cash and cash equivalents consist of:				
Cash (bank overdraft)	**$393,907**	$ (10,713)	**$ 393,907**	$ (10,713)
Cash equivalents	**–**	186,029	**–**	186,029
	$393,907	$175,316	**$ 393,907**	$ 175,316
Interest and taxes reflected as operating activities:				
Cash interest payments	**$ 65,886**	$ 69,262	**$ 88,488**	$ 85,218
Cash income tax payments (net of refunds)	**4,858**	137	**21,516**	448

See accompanying notes to condensed consolidated financial statements.

VIDEOTRON LTD.
CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)
(unaudited)

	June 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	**$ 393,907**	$ 164,131
Accounts receivable	**268,442**	264,500
Income taxes	**4,134**	–
Amounts receivable from affiliated corporations	**27,685**	15,763
Inventories	**120,215**	95,482
Prepaid expenses	**33,558**	18,214
Total current assets	**847,941**	558,090
Non-current assets		
Investments	**1,630,000**	1,630,000
Fixed assets	**2,843,671**	2,831,667
Intangible assets	**645,392**	685,305
Goodwill	**432,145**	451,645
Derivative financial instruments	**7,923**	3,175
Deferred income taxes	**528**	4,474
Other assets	**38,095**	41,835
Total non-current assets	**5,597,754**	5,648,101
Total assets	**$6,445,695**	$ 6,206,191

VIDEOTRON LTD.

CONSOLIDATED BALANCE SHEETS (continued)

(in thousands of Canadian dollars)
(unaudited)

	Note	June 30, 2013	December 31, 2012
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued charges		**$ 368,572**	$ 469,552
Amounts payable to affiliated corporations		**31,927**	31,027
Provisions		**9,895**	7,815
Deferred revenue		**256,490**	249,094
Income taxes		**60,569**	26,429
Derivative financial instruments		**114,878**	–
Current portion of long-term debt	8	**410,398**	10,714
Total current liabilities		**1,252,729**	794,631
Non-current liabilities			
Long-term debt	8	**2,349,228**	2,116,343
Subordinated loan from parent corporation		**1,630,000**	1,630,000
Derivative financial instruments		**58,436**	234,419
Deferred income taxes		**484,379**	527,073
Other liabilities		**111,649**	115,154
Total non-current liabilities		**4,633,692**	4,622,989
Total liabilities		**5,886,421**	5,417,620
Equity			
Capital stock	9	**3,401**	3,401
Retained earnings		**594,744**	803,159
Accumulated other comprehensive loss	11	**(39,853)**	(19,026)
Equity attributable to shareholder		**558,292**	787,534
Non-controlling interests		**982**	1,037
Total equity		**559,274**	788,571
Total liabilities and equity		**$6,445,695**	$ 6,206,191

See accompanying notes to condensed consolidated financial statements.

VIDEOTRON LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2013 and 2012
(tabular amounts in thousands of Canadian dollars, except for option data)
(unaudited)

Videotron Ltd. (the "Corporation") is incorporated under the laws of Quebec and is a wholly owned subsidiary of Quebecor Media Inc. (the parent corporation) and is a subsidiary of Quebecor Inc. (the ultimate parent corporation). The Corporation's head office and registered office is located at 612, rue Saint-Jacques, Montreal (Quebec), Canada.

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

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2012 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of the Corporation on August 7, 2013.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2013.

2. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

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

VIDEOTRON LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2013 and 2012
(tabular amounts in thousands of Canadian dollars, except for option data)
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2. CHANGES IN ACCOUNTING POLICIES (continued)

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

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

Consolidated statement of income

Increase (decrease)		Three months ended June 30, 2012		Six months ended June 30, 2012
Employee costs	$	32	$	64
Financial expenses		870		1,740
Deferred income tax		(242)		(484)
Income from continuing operations	$	(660)	$	(1,320)
Income from continuing operations attributable to:				
Shareholder	$	(660)	$	(1,320)
Non-controlling interests		–		–

Consolidated balance sheets

Increase (decrease)		December 31, 2012		December 31, 2011
Retained earnings	$	35,914	$	27,821
Accumulated other comprehensive loss		(35,914)		(27,821)

VIDEOTRON LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2013 and 2012
(tabular amounts in thousands of Canadian dollars, except for option data)
(unaudited)

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components of employee costs and purchase of goods and services are as follows:

	Three months ended June 30		Six months ended June 30	
	2013	2012 (restated, note 2)	**2013**	2012 (restated, note 2)
Employee costs	**$ 124,231**	$ 119,434	**$ 247,412**	$ 240,190
Less: employee costs capitalized to fixed assets and intangible assets	**(29,295)**	(30,421)	**(57,493)**	(60,096)
	94,936	89,013	**189,919**	180,094
Purchase of goods and services				
Royalties and rights	**104,780**	106,817	**213,966**	213,377
Cost of retail products	**37,320**	33,701	**62,927**	59,678
Subcontracting costs	**25,915**	28,000	**50,776**	53,414
Marketing and distribution expenses	**12,920**	18,243	**24,679**	35,432
Other	**79,946**	72,285	**163,522**	146,496
	260,881	259,046	**515,870**	508,397
	$ 355,817	$ 348,059	**$ 705,789**	$ 688,491

4. FINANCIAL EXPENSES

	Three months ended June 30		Six months ended June 30	
	2013	2012 (restated, note 2)	**2013**	2012 (restated, note 2)
Third parties:				
Interest on long-term debt	**$ 45,303**	$ 44,446	**$ 89,684**	$ 86,635
Amortization of financing costs and long-term debt premium or discount	**1,464**	1,418	**2,905**	2,832
Loss on foreign currency translation on short-term monetary items	**888**	720	**1,393**	2,941
Other	**(268)**	(431)	**(537)**	(486)
	47,387	46,153	**93,445**	91,922
Affiliated corporations:				
Interest expense	**42,671**	42,665	**84,872**	85,340
Dividend income	**(44,093)**	(44,093)	**(87,701)**	(88,186)
	(1,422)	(1,428)	**(2,829)**	(2,846)
Interest on net defined benefit liability	**940**	870	**2,020**	1,740
	$ 46,905	$ 45,595	**$ 92,636**	$ 90,816

VIDEOTRON LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2013 and 2012
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(unaudited)

5. LOSS (GAIN) ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Loss (gain) on embedded derivatives	**$ 67,442**	$ (28,841)	**$ 70,629**	$ (96,056)
Loss on reversal of embedded derivative upon debt redemption (note 8)	**67,002**	–	**67,002**	6,316
Loss (gain) on derivative financial instruments for which hedge accounting is not used	**382**	(289)	**642**	(2,498)
Gain on the ineffective portion of cash flow hedges	**(1,524)**	–	**(1,524)**	–
	$ 133,302	$ (29,130)	**$ 136,749**	$ (92,238)

6. DISCONTINUED OPERATIONS

The Corporation sold its specialized Web sites *Jobboom* and *Réseau Contact* to its parent corporation on May 31, 2013, for a total consideration of $65.0 million. This transaction resulted in a gain on sale of $38.4 million. The results and cash flows related to these businesses, as well as the gain of $38.4 million on the sale of *Jobboom* and *Réseau Contact*, were reclassified as discontinued operations in the consolidated statements of income and cash flows.

7. LTE MOBILE NETWORK AGREEMENT

On May 29, 2013, the Corporation and Rogers Communications Partnership ("Rogers") announced a 20-year agreement to build out and operate a shared LTE (Long Term Evolution) mobile network in the Province of Québec and the Ottawa region. Under this agreement, the Corporation and Rogers will share the deployment and operating costs. As well, both parties to the transaction will provide each other with services over a 10-year period, for which the Corporation will receive $93.0 million in total and Rogers $200.0 million in total.

In addition to the network sharing agreement and subject to regulatory approvals, the Corporation will have the option, effective as of January 1, 2014, to sell its unused AWS spectrum licence in the Toronto region to Rogers for a price of $180.0 million.

8. LONG-TERM DEBT

On June 3, 2013, the Corporation issued a notice for the redemption of US$380.0 million in aggregate principal amount of its issued and outstanding 9.125% Senior Notes due April 15, 2018 at a redemption price of 104.563% of their principal amount. As a result, a total loss of $18.9 million was recorded in the consolidated statement of income in the second quarter of 2013, including a gain of $6.5 million previously recorded in other comprehensive income. As of June 30, 2013, the aggregate principal amount of Senior Notes redeemed was reclassified in the current portion of long-term debt. Cash and cash equivalents as of June 30, 2013 include an amount of US$399.0 million that was transferred to the trustee on June 28, 2013 as per the indenture redemption conditions. On July 2, 2013, the Senior Notes were redeemed for a total cash consideration of $419.2 million.

VIDEOTRON LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2013 and 2012
(tabular amounts in thousands of Canadian dollars, except for option data)
(unaudited)

8. LONG-TERM DEBT (continued)

On June 17, 2013, the Corporation issued $400.0 million aggregate principal amount of Senior Notes bearing interest at 5.625% and maturing on June 15, 2025, for net proceeds of approximately $394.8 million, net of financing fees of $5.2 million. The Senior Notes are unsecured and contain certain restrictions on the Corporation, including limitations on its ability to incur additional indebtedness, pay dividends and make other distributions. The notes are guaranteed by specific subsidiaries of the Corporation and are redeemable at the option of the Corporation, in whole or in part, at any time before their March 15, 2025 at a price based on a make-whole formula and at par beginning March 15, 2025.

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

Components of long-term debt are as follows:

	June 30, 2013	December 31, 2012
Bank credit facilities	**$ 53,572**	$ 58,929
Senior Notes	**2,774,226**	2,274,115
Total long-term debt	**2,827,798**	2,333,044
Adjustment related to embedded derivatives	**(34,655)**	(172,286)
Financing fees, net of amortization	**(33,517)**	(33,701)
	(68,172)	(205,987)
Less: current portion	**(410,398)**	(10,714)
	$ 2,349,228	$ 2,116,343

9. 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 June 30, 2013 and December 31, 2012	**2,516,829**	**$ 3,401**

VIDEOTRON LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2013 and 2012
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(unaudited)

10. STOCK-BASED COMPENSATION PLAN

Outstanding options

The following table provides details of changes to outstanding options granted by the parent corporation to the employees of the Corporation and its subsidiaries for the six-month period ended June 30, 2013:

	Outstanding options	
	Number	Weighted average exercise price
As of December 31, 2012:	360,628	$ 39.63
Granted	138,711	57.35
Exercised	(73,412)	43.59
As of June 30, 2013	**425,927**	**$ 44.72**
Vested options as of June 30, 2013	**16,700**	**$ 47.04**

For the three-month period ended June 30, 2013, a net consolidated charge related to the stock-based compensation plan was recorded in the amount of $0.4 million (a net charge of $0.3 million in 2012). For the six-month period ended June 30, 2013, a net consolidated charge related to the stock-based compensation plan was recorded in the amount of $0.5 million (a net charge of $2.0 million in 2012).

During the three-month period ended June 30, 2013, 5,200 of the parent corporation's stock options were exercised for a cash consideration of $0.1 million (70,082 stock options for $0.6 million in 2012). During the six-month period ended June 30, 2013, 73,412 of the parent corporation's stock options were exercised for a cash consideration of $1.1 million (103,415 stock options for $0.8 million in 2012).

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cash flow hedges	**Defined benefit plans**	**Total**
Balance as of December 31, 2011	$ (5,244)	$ (27,821)	$ (33,065)
Other comprehensive income	13,813	–	13,813
Balance as of June 30, 2012	8,569	(27,821)	(19,252)
Other comprehensive income (loss)	8,319	(8,093)	226
Balance as of December 31, 2012	16,888	(35,914)	(19,026)
Other comprehensive loss	(20,827)	–	(20,827)
Balance as of June 30, 2013	**$ (3,939)**	**$ (35,914)**	**$ (39,853)**

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 9-year period.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIDEOTRON LTD.

/s/ Marie-Josée Marsan

By: Marie-Josée Marsan
Vice President Finance
and Chief Financial Officer

Date: August 9, 2013